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# FINANCIAL TIMES

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Wednesday June 11 1975

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## NEWS SUMMARY

### GENERAL

#### Bugging alert in CIA report

Communist spies are able to monitor thousands of private telephone conversations in the U.S. and Western Europe and pose a serious threat to the privacy of ordinary people. This is one of the most striking revelations in the Rockefeller Commission's report—released by the White House yesterday—on the domestic activities of the Central Intelligence Agency.

The report says that information about allegations that the CIA plotted to assassinate several foreign leaders, including President Castro of Cuba, has been submitted separately to President Ford. Back Page...

#### Short sounds Parties on Stonehouse

Mr. Edward Short, Leader of the House, is to consult Opposition Parties in the Commons to-day to decide whether to go ahead with the debate to-morrow on a motion to expel Mr. John Stonehouse, Labour MP for Walsall North.

The meeting will review the situation in the light of a report last night from the Select Committee set up to consider the Stonehouse case. In Melbourne, Mr. Stonehouse continued his silent hunger strike in a hospital cell of the jail where he is on remand pending a further court appearance on Friday.

#### Amin bargains lecturer's life

President Amin of Uganda last night gave Britain a six point 10-day ultimatum, including cessation of all "malicious propaganda" against himself and his government, if London wished to save a British lecturer from a firing squad.

#### Eight more freed from Maze jail

Mr. Neryn Rees, Northern Ireland Secretary, yesterday released eight men from the Maze top security jail, the first such releases since the Provisional IRA killed a policeman in London killed last month. In Belfast, two gunmen shot a Protestant fruitcrusher dead in his shop.

#### U.S. move on Europe A-bombs

THE U.S. is now prepared in principle to reduce its tactical nuclear weapons stored in Europe as part of an agreement with the Soviet Union cutting Nato and the Warsaw Pact's central European forces. Page 5

#### 'Stop shielding workers'—Joseph

Sir Keith Joseph, speaking as director of the recently formed Conservative Centre for Policy Studies, called on the Government to "stop protecting workers from the consequences of their own actions" as a priority in the fight against inflation. Back Page

#### Brezhnev back

Soviet Communist Party leader Leonid Brezhnev, 68, looking fit and rested, re-appeared on the Moscow political scene after more than a month's absence.

#### Briefly...

Miss Betty Lockwood, chief women's officer of the Labour Party, is to chair the Equal Opportunities Commission's Men and Matters. Page 16

Pollen count in London yesterday was 17 which is low. The forecast is higher.

Moorgate Tube disaster death toll rose to 43 yesterday with the death in hospital of Mrs. Jane Simpson, 23.

#### CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

| RISERS              |          |
|---------------------|----------|
| Chapman (Batham)    | 110 + 13 |
| Sheffield Twist     | 78 + 7   |
| Williams (W.)       | 25 + 5   |
| Blyvoor             | 250 + 25 |
| Pot. Platinum       | 224 + 1  |
| Pot. Platinum       | 216 + 16 |
| FALLS               |          |
| Avon Rubber         | 57 - 8   |
| Assoc. P. Cement    | 145 - 8  |
| Beecham             | 299 - 5  |
| Bowater             | 172 - 7  |
| BATS                | 320 - 13 |
| Brown (J.)          | 68 - 4   |
| Chloride Group      | 105 - 6  |
| Courtaulds          | 126 - 5  |
| DRC                 | 111 - 5  |
| Distillers          | 126 - 5  |
| Finlay (J.)         | 142 - 8  |
| Fisons              | 404 - 11 |
| Furness Witby       | 217 - 7  |
| Glaxo               | 422 - 18 |
| GKN                 | 242 - 13 |
| Guinness (A.)       | 109 - 5  |
| ICI                 | 291 - 7  |
| Keyser Uitema       | 32 - 7   |
| Lloyds Bank         | 247 - 11 |
| Magnet Joinery      | 139 - 14 |
| Nat. Westminster    | 256 - 12 |
| Pilkington Brothers | 187 - 10 |
| Rolls-Royce         | 61 - 4   |
| Sainsbury (J.)      | 167 - 7  |
| Sun Alliance        | 408 - 15 |
| Thomson Org.        | 200 - 7  |
| Tube Investments    | 276 - 20 |
| Unilever            | 382 - 14 |
| Youghal Carparts    | 72 - 10  |
| Shell Transport     | 311 - 16 |
| Ultramar            | 204 - 11 |
| Cons. Rutile        | 200 - 30 |
| Burban Deep         | 965 - 35 |
| RTZ                 | 253 - 7  |

### BUSINESS

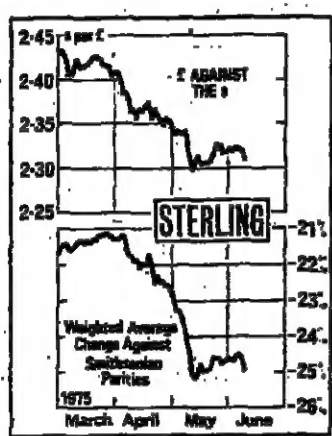
#### Equities setback: £ down 110 points

● EQUITIES suffered another sharp setback against the gloomy economic background. FT 30-share index closed 12.5 down at 339.3, a loss of 22.2 in two days. Gold Mines Index was up 3.3 at 374.9.

● GILTS—Shorts gained to 4 before easing slightly, along with medium and long. Government Securities Index was down 0.02 at 59.33.

● GOLD was unchanged at \$163.7.

● STERLING fell 110 points to \$2.3070 on concern over the economic outlook, with a wave of late selling cutting the rate 40 points in under an hour.



Effective depreciation widened to 25.0 per cent. (24.6), within 0.3 per cent. of mid-May's 25.2 per cent. record. Dollar's weighted fall was 7.0 (6.96) per cent.

● WALL STREET closed at 7.98 at \$22.12.

● JAPAN'S gross national product fell by 0.7 per cent. in the first quarter, the Economic Planning Agency said. Page 5

#### EEC forecasts steel cuts

● EEC's revised steel programme for the coming four months is expected to put output in the Community at about 15 per cent. lower than in the same period last year. Back Page

● MIRROR GROUP Newspapers announced £2.8m. computer typesetting development plan. Back Page

● JAGUAR will keep its own engineering department, reporting directly to Mr. Derek Whitaker, managing director, British Leyland cars. Back Page

● NEW CAR sales last month were the lowest for any May since 1970, and foreign car manufacturers' sales fell back substantially from April's record figure. Page 10

● LONDON COCOA prices closed \$12 down at \$461.5 a tonne (September position). December position lost \$13 to \$471.25. Page 23

● ICI'S 4,000 workers on Teesside walked out on indefinite strike after rejecting the company's 25 per cent. pay offer to all its manual workers in Britain. Page 14

#### COMPANIES

● CHLORIDE GROUP pretax profits were up 19 per cent. to £16.2m. (£13.6m.) for the year ended March 31. Interest charges more than doubled to £4.52m. Page 19 and Lex

● HILL SAMUEL Group net profits before exchange surplus were 15 per cent. lower at £5.23m. (£6.23m.) for year ended March 31. The group confirmed it had recovered £18.25m. of its \$19.5m. losses on last year's Harstad Bank collapse. Back Page, Page 19 and Lex

## Wilson risks Left-wing and union anger

# Benn and Varley are switched in shuffle

BY PHILIP RAWSTORNE

THE PRIME MINISTER last night transferred Mr. Anthony Wedgwood Benn, his controversial Secretary for Industry, into a lower-ranking Cabinet seat as Secretary for Energy.

Mr. Wedgwood Benn is succeeded at the Department of Industry by Mr. Eric Varley, the present Energy Secretary, who was also one of the Cabinet's disident anti-Marketisers, but who played little active part in the referendum campaign.

Mr. Wilson, risking the anger of the Labour Left-wing and some trade union leaders, made it clear that Mr. Wedgwood Benn's move was a demotion.

The Prime Minister has asked Mr. Wedgwood Benn to concentrate his attention upon the speedy landing of oil from the North Sea so that Britain can achieve self-sufficiency by the earliest possible date.

And with a hint of tongue-in-cheek, Mr. Wilson is reported to have suggested to Mr. Wedgwood Benn that he should establish close contact with workers on the sites to overcome demoralisation and other disputes affecting the delivery of North Sea oil equipment.

At the same time, Mr. Wilson let it be known loud and clear that he will direct the Government's consultations and policy decisions on the final stages of the Industry Bill and its subsequent implementation.

Nor will Mr. Wedgwood Benn play a part in the current negotiations with the oil companies on majority State participation. Mr. Harold Lever,



WEDGWOOD BENN... a demotion

Minister of State for speaking in the Commons debate on the EEC against Mr. Wilson's guide lines, said in an ITN interview last night that there would be resentment at Mr. Wedgwood Benn's move and also at the disappearance from the Government of Mrs. Judith Hart, another Left-winger.

On Mr. Varley, Mr. Heffer said cautiously that he was "very well regarded and very capable" but lacked some of Mr. Wedgwood Benn's charisma and drive.

Questioned about the reaction of the trade union movement, Mr. Heffer said that he thought there would be a lot of resentment and disappointment there at Mr. Wedgwood Benn's move because of the pressures for his removal from industry from the CBI and employers.

On the other hand, he pointed out that Cabinets were changed frequently and at least Mr. Wedgwood Benn as the new Secretary for Energy would have a voice in the Cabinet and would be still an "industrial Minister".

In the same programme Mr. Clive Jenkins, general secretary of ASTMS, accused the Prime Minister of getting his priorities wrong in his shuffle. Moving Mr. Wedgwood Benn at the present stage was like Mr. Attlee moving Aneurin Bevan when he was putting his Health Service legislation through Parliament.

Mr. Wedgwood Benn's failure earlier to make an expected appearance at the Commons Standing Committee on the Industry Bill did nothing to dispel the confusion caused by his statement on Monday that the Government is considering issuing a second White Paper on the Bill.

MPs on both sides of the committee saw this as a clear indication that the Government intends to make substantial changes in the legislation. They protested that to do this when the Bill had been under consideration by the Commons for three months reduced the proceedings of the committee to a "meaningless farce".

## Finance Ministers still try to reach agreement

BY ROBERT MAUTHNER

FINANCE MINISTERS from the 20 International Monetary Fund member countries were to-night laboriously trying to work out a compromise agreement on the future role of gold and other aspects of international monetary reform, including a redistribution of national quotas in the Fund.

Early forecasts by Mr. Denis Healey, Chancellor of the Exchequer, that the Americans and the French, whose differences have all along been the main stumbling-block to agreement, were well on the way to finding a mutually acceptable solution, proved somewhat premature.

Mr. Healey, who flew back to London this afternoon after a private lunch with Mr. Jean-Pierre Godeaux, the French Finance Minister, saw himself in the role of mediator. The Chancellor told journalists that he had appealed directly to both Mr. William Simon, the U.S. Treasury Secretary, and Mr. Fourcade to settle their differences.

"International confidence is very precarious and the world recession may continue longer than expected," Mr. Healey said. "If our negotiations here break down the consequences for confidence in all countries would be very grave."

## Scanlon vote invalid, says QC

BY OUR LABOUR STAFF

MR. HUGH SCANLON'S controversial casting vote that scrapped postal balloting in the Amalgamated Union of Engineering Workers was invalid, a leading Labour lawyer claimed in the High Court yesterday.

Mr. Peter Pain, QC, claimed that under the union's rules Mr. Scanlon, AUEW president, was out of order when he threw in his casting vote against postal balloting to break a 25-25 tie at the union's rules revision meeting on May 16.

Appearing for Mr. John Weakley, who is challenging the decision and also the union's disqualification of him as a delegate to the meeting, he said: "It is my case that, quite plainly, under the rules he has not got a casting vote."

Earlier Mr. Pain maintained that a proposal to revert to branch elections for union posts had been supported "by Communists and others of a like mind."

will be prepared to accept a system for the disposal of the IMF's gold on the lines of a proposal tabled by Dr. Johannes Witteveen, IMF managing director, on condition that simultaneous agreement is reached on the other issues.

Under the Witteveen plan, two-thirds of the gold currently held by the Fund would remain in its hands, while one-sixth would be returned to the original donors and an equal amount would be used to provide aid to developing countries.

A much more difficult problem to solve proved to be whether Central Banks would in future be able to buy and sell gold from and to each other at market prices on condition that their total gold stocks would not increase during a period of two years, as agreed by the Common Market countries at Zeist, in Holland, in April, 1974.

In spite of several changes in its position since January this year, the U.S. is still opposed to such a solution and made only a small concession to-day by

announcing that it was prepared to accept a formula under which Central Banks could buy gold from each other only if the

Continued on Back Page

£ in New York

|           | June 10       | Previous      |
|-----------|---------------|---------------|
| Spot      | \$2,304.30-70 | \$2,310.31-80 |
| 3 months  | \$2,302.50-55 | \$2,304.74-79 |
| 6 months  | \$2,302.50-55 | \$2,304.74-79 |
| 12 months | \$2,302.50-55 | \$2,304.74-79 |

PARIS, June 10.

## SDR link will raise oil prices

BY RICHARD JOHNS

LIBREVILLE, June 10.

THE CHANGE to the use of Special Drawing Rights as the unit of account for assessing oil prices—agreed in principle by Ministers of the Organisation of Petroleum Exporting Countries yesterday—could mean an increase in the \$10.35 basic cost of a barrel of oil of anything from 24 to 50 cents according to informed calculations here.

This evening, however, as the OPEC conference on its second day began its first detailed discussions on the system to be adopted, significant differences had still to be resolved on whether the SDR value of the dollar of last October or December should be the starting point. Ministers are still not agreed on whether the new accounting formula should be implemented from the beginning of July or October.

Algeria, predictably, was taking the extreme line on both issues, wanting the base rate to be operative from last October and the assessment to take effect from next month. The middle ground consensus, however, was that the December value should be used from July 1, with Iran taking this position.

Saudi Arabia was understood to be proposing that the introduction of the new SDR system should wait until October when the parallel formula—which has not been worked out in detail yet—should be implemented.

Venezuela is not unsympathetic to this more moderate view because, with its trade mostly in dollars, it is not so greatly affected and it would like the currency fluctuation problem to be solved as part of the indexation formula.

Earlier to-day, Mr. Valentin Hernandez, Venezuelan Minister of Hydrocarbons and Mines, suggested that the increase would certainly be less than 5 per cent. —implying that the more moderate course would be chosen. In OPEC circles a figure of 27 cents has been mentioned which would mean that the

December dollar-SDR rate would be chosen as the base. The value of SDRs in terms of dollars rose from \$1.19240 last October to \$1.21370 in December at monthly average rates, compared with the current value of about \$1.25000.

In terms of Britain's balance of payments a 25 cent per barrel increase for the basic "marker crude" (Arabian light) would—assuming imports of 2m barrels per day—mean an extra bill of about \$150m, with a great deal more to come when the indexation system comes into force.

At this conference there will be no detailed discussion of just how oil prices will be adjusted and according to what formula. OPEC's economic commission is expected to meet in August to draw up final recommendations which will be submitted to the next Ministerial conference provisionally planned for September, although it could take place sooner.

Whatever increase in the dollar price that results from linking the value of oil to SDRs it will not be represented here as a rise in petroleum costs and the freeze decided last December will theoretically hold until its expiry at the end of September.

No substantive progress is expected on the question of oil price differentials, which has recently become an important issue amid reports that producers like Libya, Iraq and Algeria have been offering crude at below the officially-stated price. In changing market conditions OPEC experts are clearly confused as to what the various premiums should be.

There is a general confidence that demand will recover as stocks are built up and some worry amusement that stocks in consuming countries were allowed to run down so far just before the new "upward adjustment" which will come from the SDR link.

Editorial Comment, Page 16

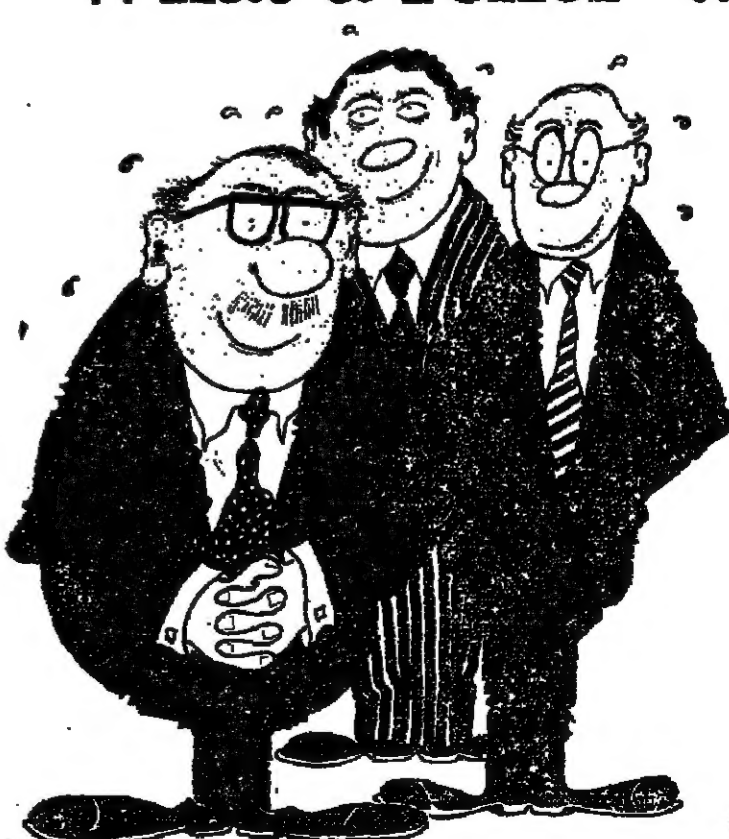
## TUC meets to-day

BY JOHN ELLIOTT, LABOUR EDITOR

TUC LEADERS meet to-day to prices—maybe going so far as a consider plans to peg wage rises freeze—and of a boost in manufacturing industry investment. Without such action from the growing risk that the Amalgamated Union of Engineering Workers might next week spearhead a revolt against Labour's social contract through the rest of the union conference season.

Sharply rising prices and increasing unemployment are causing concern among union leaders. Secondly they fear that there will be little chance of them calling on the Government for holding wage rises below 20 per cent. to 25 per cent. next winter.

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## BBC trims back overseas radio

BY ARTHUR SANDLES

BBC OVERSEAS broadcasts are to be cut back for the second year in succession because of an economy drive. Savings of £400,000 planned for next spring reduce the number of hours broadcast in direct costs and cut one service completely—in Sinhala to Sri Lanka.

Last year the corporation was told to save £740,000 in programming in the current period. The present cut will mean that £300,000 will be saved in direct costs and a further £100,000 in capital expenditure.

From early next year, the Arabic service will be reduced from ten hours to nine hours daily; the German service will go down from 4.5 hours to 3.5 hours; and the French service for Europe down from four hours to 2.75 hours. The Government finances the BBC external services through Treasury grants that total £23.7m. in the current financial year.

There is little doubt that the cuts will provide further ammunition for those, including the BBC, who are campaigning before the Annan Committee on the Future of Broadcasting against the introduction of a grant system for the whole of BBC broadcasting to replace the present licence system.

Under the cuts, services in Bulgaria and Romania will also be reduced, as will those on the Chinese and Thai services. A

### Athletics boost for ITV sport

INDEPENDENT TELEVISION has bought the UK rights to six athletic events at a cost under £100,000. It was disclosed yesterday. Five of the events, which will be recorded, are the International Track Association meeting at Crystal Palace, on June 20; Phillips Golden International meeting, Crystal Palace, July 4; USSR v. U.S. at Kiev, July 4; U.S. v. West Germany v. Africa, from Durham, North Carolina, July 18 and 19; and the pan-American games from Mexico, in October.

In addition there will be live coverage of the English women's AAA championships at Crystal Palace, on July 19.

## GLC car tax plan could spread, RAC warns

FINANCIAL TIMES REPORTER

MOTORISTS were warned today that if the Greater London Council succeeds with its plans to levy a daily tax on cars entering the city centre, other authorities are likely to ban or tax motoring in their centres.

The worry was voiced by the new chairman of the RAC, Sir Clive Bosom, at the launch of a campaign urging drivers to help "stop the GLC car bans."

The GLC is proposing a payment of at least £1.25 a day for vehicles entering central London and half this fee for residents, the RAC says. It also plans to remove 8,000 parking meters, eliminate 30,000 off-street parking places and introduce huge parking charge increases.

Thousands of leaflets will be issued with the message: "Car bans won't work, public transport can't cope."

The RAC asks motorists to send the protest leaflets to the council's headquarters, before July 8 when the GLC transport committee will decide on the plans.

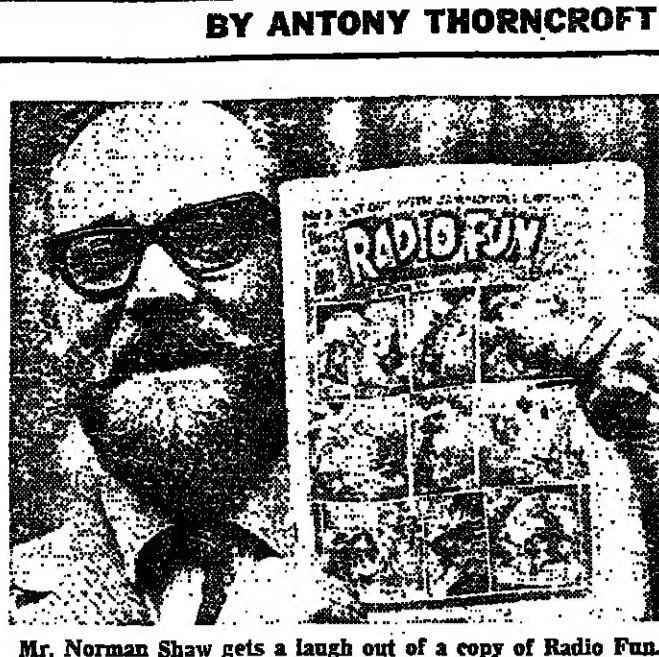
### SALEROOM

## Comics now a serious matter

COLLECTING OLD comics finally became a respectable hobby when Sotheby's included 20,000 comics in its sale of children's books, drawings, and juvenilia, and saw them fetch £5,614. The comics were put up for sale by Raymond Radford whose father and uncle were cartoonists for Amalgamated Newspapers between the wars, and drew cartoons for *Chicks Own*, *Comic Cuts*, *Comic Life*, *Butterfly* and many more.

In addition 282 early editions of the *Mickey Mouse Weekly* were sold for £500 to a private collector, Mr. Hubert Johnson, of Felixstowe. Most of the lots from the Radford collection were bought by Mr. Norman Shaw, a dealer from South London, who paid over more than £4,000. The *Butterfly*, stretching from 1908-1939, and the same price for 1937 numbers of the *Film Fun* from 1920-1942. The prices were just about on target, and the sale is likely to draw out many more old comics, although it is unlikely that such complete collections will be forthcoming.

Sotheby's was more impressed with the afternoon session which sold the £18,000 four-day sale which topped over £58,000. Among the exceptional prices were the £1,100 paid for 22 tiny watercolours by Kate Greenaway depicting children in the country and the £1,000 paid for a set of possibly for greetings cards, and



Mr. Norman Shaw gets a laugh out of a copy of Radio Fun. He spent more than £4,000 on a collection of comics.

the £1,050 for a pair of Kate Greenaway watercolour drawings. Two watercolours by Beatrice Potter, probably the initial representations of Peter Rabbit in 1893, went for £1,000, and another large watercolour by Beatrice Potter sold for £900. A E. H. Shepherd pen and ink drawing of Christopher Robin, Pooh, and Piglet, which became the frontispiece for *The House at Pooh Corner*, was bought for £700, and lower down the price list, but of considerable interest, was the £90 paid for a first, 1937, edition of Tolkien's *The Hobbit*.

For grown ups, Christie's sold paper weights for £15,590, with the good weights doing well and the less good badly. The top price was the £11,155 paid for a set of a Saccarac paperweight depicting children in the country and the £1,000 paid for a set of possibly for greetings cards, and

paintings, drawings and watercolours realised £19,000. The highest price was the £480 paid for a portrait of a small girl by Arthur A. Dixon, Undine, by the same artist, fetched £420. The popularity of Dutch marquetry furniture, which invariably goes to Spain or Italy, was reinforced at Phillips yesterday when furniture was sold for £30,682. An 18th-century cylinder-front bureau bookcase, which had been in the family of an early George III mahogany bureau bookcase fetched £1,400.

The Grosvenor House Antiques Fair, which opens tomorrow, is for the first time accepting items that are not perhaps officially genuine antiques—that is objects made before 1930. Victoriana, art nouveau and art deco will be displayed—but in a separate room from the main exhibition.

### RACING

BY DOMINIC WIGAN

## Ramadan for Lord Carnarvon

LORD CARNARVON, whose home, Highclere Castle, lies only a few miles from Newbury, can land the principal race on his local course to-day with his home-bred *Ramadan*.

The chestnut colt by Amber Rama out of Lord Carnarvon's smart half-sister to G.R. Card, G.R. Token—already responsible for four winners including Rivoli—made a highly encouraging debut when falling by only a neck and a short head to hold Chilli Willi and Grecian Cloud at Chesham towards the end of April.

Ten days later he made no mistakes in Salisbury's 19-runner Warrminster Maiden Stakes, in which he defeated Kynsmonth, to whom he conceding 5 lb, by half a length with Thieving Demon, 1½ lengths away in third place.

### NEWBURY

2.00—Light Link  
2.30—Rustling  
3.00—Piercing Note  
3.30—Ramadan  
4.00—Rosetti  
4.30—Tree Parsony

### YARMOUTH

2.15—Celtic Sea  
3.15—Little Battalys  
4.45—Botanist  
5.15—Ballytara

### BEVERLEY

7.00—Minigold  
7.35—Tanella  
8.20—La Carraheen  
8.50—Sera Sera

### IRELAND

I expect Ramadan to win the Berkshire Stakes (3.30) by outpacing Mr. Ravi Tikko's new-comer Hittite Glory. Even if Newmarket trainer

### NEWBURY

Mr. Colin Pritchard-Gordon fails to collect the Netheravon Handicap (4.00) through Great Birnam, he should have at least one winner this afternoon, for he sends several promising looking chances to Yarmouth.

In the first race there, the Fee Farm Plate (2.15), he saddles Mrs. Jim Mullion's well thought of new-comer Celtic Sea, whom I expect to see obliging from another reportedly useful untraced juvenile, Tsarvitch.

Later in the afternoon he holds reasonable prospects with Botanist in the Town Wall Stakes (4.45) and Regal Rocket, who goes for the Blackfriars Plate (5.15).

A better prospect than Regal Rocket to my mind, however, is Ballytara, a progressive Bally moss colt ridden by Edward Hyde for Michael Stoute.

### GARDENS TO-DAY

## Flowery bonus from visit to the polling station

BY ROBIN LANE FOX

ONE OF THE many attractions of a referendum seems to me to be the unexpected benefits which occur on the way through.

Of course it proves that "ordinary" people, in that supremely patronising phrase of the social scientists, can produce as responsible a decision as their representatives on a matter in which there is no absolute knowledge anyway; no doubt it will also prove that the same people mind more, and commit themselves more, to a decision which they have had to weigh on their own behalf.

### Welcome

As a first sign that our political culture may be allowed to revive, now that "ordinary" people have had a chance, it is extremely welcome, if you wonder what it has to offer to a gardener, I will cite my own experience and hope that you will respect it, ordinary or otherwise.

On a west-facing wall I was thinking earlier in the year that I had contrived an attractive group of plants.

There was a white-flowered Clematis Magellanica, which I do recommend to those who are more familiar with the red and purple variety; there was the beautiful Clematis Maria Boisselot, with those enormous white flowers; there was also my favourite climbing rose, New Dawn, excepted, a German variety which is sold here as Ash Wednesday.

This only flowers once but is such an unusual shade of grey-blue that I will wait quite happily for its brief two-week season. All very restrained, you might think, and so it would have been if each plant had not run into difficulties.

Ash Wednesday was struck by mildew, and I must confess that this often happens; the Clematis distinguished itself by dying itself back like an uprooted ivy, probably because of the infamous Marie Simon and the pale blue clematis wilt, against which you are strongly advised to take the advice of Fisk's nursery, Westleton, Saxmundham, Suffolk.

The hardest variety is named after a respectable source of notice, and there is much sense in their suggestions of a spring useful for the long season of the chintz-blue flower, from July to new fungicide. Beelate, heavy October. Vetchblans (also now idea for brightening up its watering in early summer and known as Brilliant or Floribunda, probably the shrub at season).

Surrounded by true blues, the Clematis outshines even a Canothus. I left the plot, aware that there were brighter and quicker plants than my combined of whites and greys. If the referendum can wait until November, I may even find a new fungicide. Beelate, heavy October. Vetchblans (also now idea for brightening up its watering in early summer and known as Brilliant or Floribunda, probably the shrub at season).

stems at ground level, layering two or three, beside the main one so that your plant remains bushy even if the main stem dies back.

They stress the importance of watering, so much so that they wonder if those of you who live near a river are ever troubled by wilt. My nearest river is six miles away and their catalogue arrived too late to save Marie Boisselot.

At the same time, a late frost cut back the Clematis, doing a job which the earlier mildness had persuaded me to postpone. Having grown too freely from top growth which would normally have been removed in March, it has had the worst of a bad season, like many others.

Setting out to vote, therefore, I needed a new and vigorous wall shrub, preferably of a stronger colour than the mildewed rose and the wilting Clematis; maybe they would recover, but diseases have a way of recurring and I am too short of gardening hours to fit frequent spraying into my schedule.

### The answer

A brief visit to the polling station, a building I would not otherwise see, and the answer was staring me in the face. Up and over its neighbouring brick wall grew the finest Canothus, so abundantly in flower on a plant which the attendants believed to be only four years old that I wondered why I had not given more space to this beautiful wall shrub before.

Beside it grew a yellow Rose of Sharon and a large group of dark blue Anemones; quick, easy and very bright, they put my west wall plants at home to shame.

The one confusion over the Canothus is its hardness. Different authorities hold differing opinions, but I have never doubted that the charming pink and white Clematis, which you Topaz are too tender for most gardens unless they can be protected unusually well.

The hardest variety is named after a respectable source of notice, and there is much sense in their suggestions of a spring useful for the long season of the chintz-blue flower, from July to new fungicide. Beelate, heavy October. Vetchblans (also now idea for brightening up its watering in early summer and known as Brilliant or Floribunda, probably the shrub at season).

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my polling station, or impress a smaller and tougher plant.

As hardness knows no rules, you are advised to try your pick, though I have had trouble in saving a Vetchblans. There is no doubt that gardeners will enjoy these shrubs more if they are set against a warm wall and given room to spread forwards as winter approaches.

Remember that in winter the heat lost through walls and windows is very welcome to plants outside. Remember too, that Canothus is best planted in May and watered well during its first summer in order to avoid the winter's frost.

Now, the great advantage of a Canothus, as also of Rose of Sharon, is the speed with which it will grow. Among evergreen shrubs this virtue is not common outdoors in Britain. It will also root easily from late summer cuttings, a sound measure against losses from a cold winter.

On the Pacific Coast of America, Canothus grows wild in thick clumps, a sight worth seeing; blue and yellow being a very happy combination. A match with the Chinese Rose, a very clear single-flowered yellow, seems to me to be about as handsome a way as any of placing one in your garden. Canary Bird has usually delicate rose-leaves and can be trained as an arch over a standard, leaving space for the brilliant blue Anemones at its roots.

### Fast grower

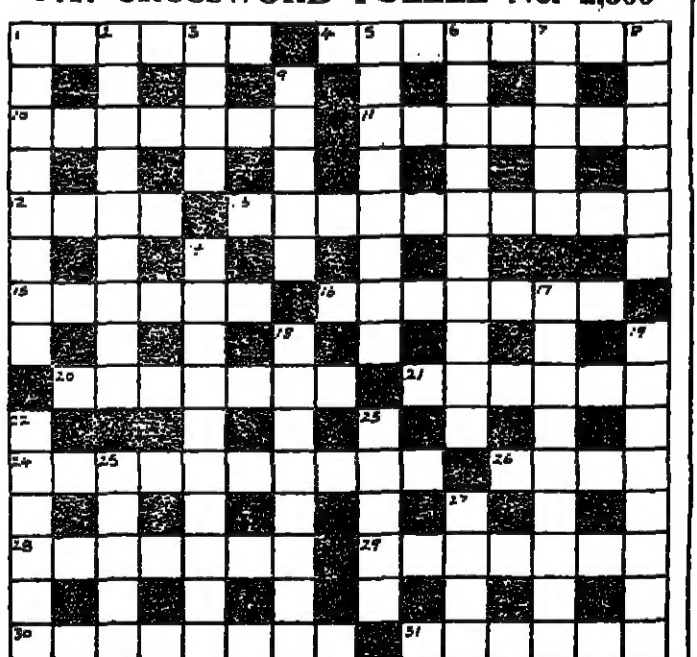
About the quick growth of the Anemusa I need only say that all hardy perennials it is the fastest to make a freely-flowering clump and is a wise solution to those temporary gaps between properly spaced shrubs in a new garden border. Often it will exhaust itself after three years but it is easily replaced from seed or root-cuttings.

Surrounded by true blues, the Clematis outshines even a Canothus. I left the plot, aware that there were brighter and quicker plants than my combined of whites and greys. If the referendum can wait until November, I may even find a new fungicide. Beelate, heavy October. Vetchblans (also now idea for brightening up its watering in early summer and known as Brilliant or Floribunda, probably the shrub at season).

### TV Radio

† Indicates programme in black and white.  
**BBC 1**  
9.25 a.m. For Schools, Colleges, 10.15 You and Me, 11.00 For Schools, Colleges, 11.30 Cricket: The Prudential Cup, England v. New Zealand, and Pakistan v. West Indies, 11.40 For Schools, Colleges, 12.00 Cricket: The Prudential Cup, 1.30 p.m. Fingerbobs, 1.45 News, 2.02 For Schools, Colleges, 2.40 Cricket: The Prudential Cup, 3.10 Regional News (except London).  
**BBC 2**  
4.00 Play School, 4.25 Wacky Races, 4.35 Jackanory, 4.50 Z-Sed, 5.15 Yao, African Prince, 5.40 Roobarb, 5.45 News, 6.00 Nationwide, 6.58 The Wednesday Film: "Where's That Fire?" starring Will Hay with Moore Marriott, Graham Moffatt, 8.10 Survivors, 9.00 News, 9.25 The Melting Pot, 9.55 Sportnight, 10.55 Midweek.

### F.T. CROSSWORD PUZZLE No. 2,800



**ACROSS**  
1 Fiddle Western point of view (6)  
4 Not barefoot in Sussex (8)  
10 An item, though it might be indefinite (7)  
11 A typical shepherd (7)  
12 The doctor comes round in the morning with an umbrella (4)  
13 London borough shows the value of the rod (10)  
15 Duet set of musical compositions (6)  
16 Put signature to a couple of points at the witch's place (7)  
20 On your feet to break a date (5, 2)  
21 "For the glory of the Creator, and the relief of man's —" (4)  
24 Crushed vagrant showed the way (8, 2)  
25 One of the little people found in the Cape river (4)  
26 Lord Ellen's victorious confession (7)  
29 Union before time means captivity (7)  
30 Unruffled, but it is no good in a solicitor (3, 5)  
31 Lieutenant includes a pious wish for the mourning (6)

**DOWN**  
1 He quarrels, but is high in the Honours (8)  
2 Catch a horse for the real total (3, 6)  
3 Speed to beat (4)  
5 "The shot of —, the dart of chance" (Othello) (8)

11.25 Regional News. All Regions as BBC 1 except at the following times:—  
Wales—5.15-5.25 p.m. Maldwyn-aldwyn, 5.35-5.45 Magic Roundabout, 6.00-6.15 Wales To-day, 6.55-7.10 Heddiw, 7.10-7.40 R Oeddwyn I Yno, 7.40-8.10 Whatever Happened to the Likely Lads? 11.25 News of Wales.  
Scotland—6.00-6.15 p.m. Reporting Scotland, 11.25 Scottish News Summary.  
Northern Ireland—3.58-4.00 p.m. Northern Ireland News, 6.00-6.35 Scene Around Belfast, 11.25 Northern Ireland News Headlines.  
England—6.00-6.55 p.m. (Look North from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Flook East (from Norwich); Points West (from Bristol); South To-day (from Southampton); 15.00 South-West (from Plymouth).  
**BBC 2**  
16.40 a.m. Open University, 10.25 Nal Zindagi Naya Jeevan, 11.00 Play School, 11.25 Cricket: The Prudential Cup—England v. New Zealand, and Pakistan v. West Indies, 1.40-2.40 p.m. Further coverage and 4.00 closing stages of to-day's play in Prudential Cup matches, 7.05 Worlds Without Sun, 7.25 Newsday, 7.45 Rugby Special: Wellington v. Scotland, 8.10 The Ascent of Man, 9.00 Wessex Tales, 9.10 Inside Story, 10.25 Don't Quote Me, 11.05 News Extra, 11.25 Closedown: Leslie Sands reads Beauty in Trouble by Robert Graves.

**LONDON**  
9.30 a.m. Schools Programmes, 12.00 Pinks, 12.15 p.m. The Adventure of the Bear, 1.30 p.m. Mr. and Mrs. 1.40 First Report, 1.50 Lunch-time To-day, 1.50 Gold is Where You Find It, 2.00 Good Afternoon, 2.30 The Rhine, 2.50 The Saint, 4.15 Cartoon, 4.25 News.

**RADIO 1** 247m  
(5) Stereo broadcast, 6.00 a.m. As Radio 2, 7.00 Noel Edmonds, 8.00 Tony Blackburn, 12.00 Paul McCartney including at 12.15 p.m. Newsbeat, 2.02 David Hamilton (S), 2.15 on VHF, 5.00 Newsbeat, 5.15 Anne Nightingale follows the latest sound around, 7.00-12.15 a.m. As Radio 2.

**RADIO 2** 1,500m and VHF  
6.00 a.m. News Summary, 6.02 Suna Baret (S), including 6.15 Pause for Thought, 7.02 Terry Wogan (S), including 7.07 Rachel Bull-in and 8.45 Pause for Thought, 9.00-9.15 News, 9.15-9.30 News, 9.30-9.45 News, 9.45-10.00 News, 10.00-10.15 News, 10.15-10.30 News, 10.30-10.45 News, 10.45-11.00 News, 11.00-11.15 News, 11.15-11.30 News, 11.30-11.45 News, 11.45-12.00 News, 12.00-12.15 News, 12.15-12.30 News, 12.30-12.45 News, 12.45-1.00 News, 1.00-1.15 News, 1.15-1.30 News, 1.30-1.45 News, 1.45-2.00 News, 2.00-2.15 News, 2.15-2.30 News, 2.30-2.45 News, 2.45-3.00 News, 3.00-3.15 News, 3.15-3.30 News, 3.30-3.45 News, 3.45-4.00 News, 4.00-4.15 News, 4.15-4.30 News, 4.30-4.45 News, 4.45-5.00 News, 5.00-5.15 News, 5.15-5.30 News, 5.30-5.45 News, 5.45-6.00 News, 6.00-6.15 News, 6.15-6.30 News, 6.30-6.45 News, 6.45-7.00 News, 7.00-7.15 News, 7.15-7.30 News, 7.30-7.45 News, 7.45-8.00 News, 8.00-8.15 News, 8.15-8.30 News, 8.30-8.45 News, 8.45-9.00 News, 9.00-9.15 News, 9.15-9.30 News, 9.30-9.45 News, 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from  
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# Nothing but the truth by ANTHONY CURTIS

In the past few weeks I've watched a woman giving birth to a baby and later putting it through its earliest paces (in a *Horizon* programme about infant perception). I've seen the prolonged and painful death-agony of a manufacturing company before it went into liquidation. I have observed American oil-men letting down their hair about their tax problems and American television executives beating their breasts and cursing the tyranny of prime time (the maximum viewing hour of nine at night on the successful woeing of which absence of coronary depends). I have listened to human beings who skyjack aircraft and turn passengers and their children into hostages calmly expounding their "philosophy" in the freedom of a studio. I have seen the members of a gay club in Newport Pagnell, men and women, being questioned by Jimmy Saville, on the problems of "coming out," that is making no secret of their homosexuality in public. And I have seen Sir Cecil Beaton looking back upon his first country retreat in Whitshire and recalling the joys of life there before the war. "It was a place in which people the most unlikely people, kept falling in love."

Why bother with drama on the box with artificial situations, imagined revelations, when those of reality are so poignant? Why try to create characters with the aid of actors when real people are so extraordinary? Television drama departments must look with envy at the gigantic sprawling fish netted so easily and so regularly by their colleagues in the documentary division. No wonder that tv drama is continually harking back to the carnival of history, or forward into a brave new future, or merely resting content with comedy series which pander to a few stock responses and raise a few chuckles magnified by those claqueurs of the box, the studio audience.

By comparison with their British counterparts, the fate of



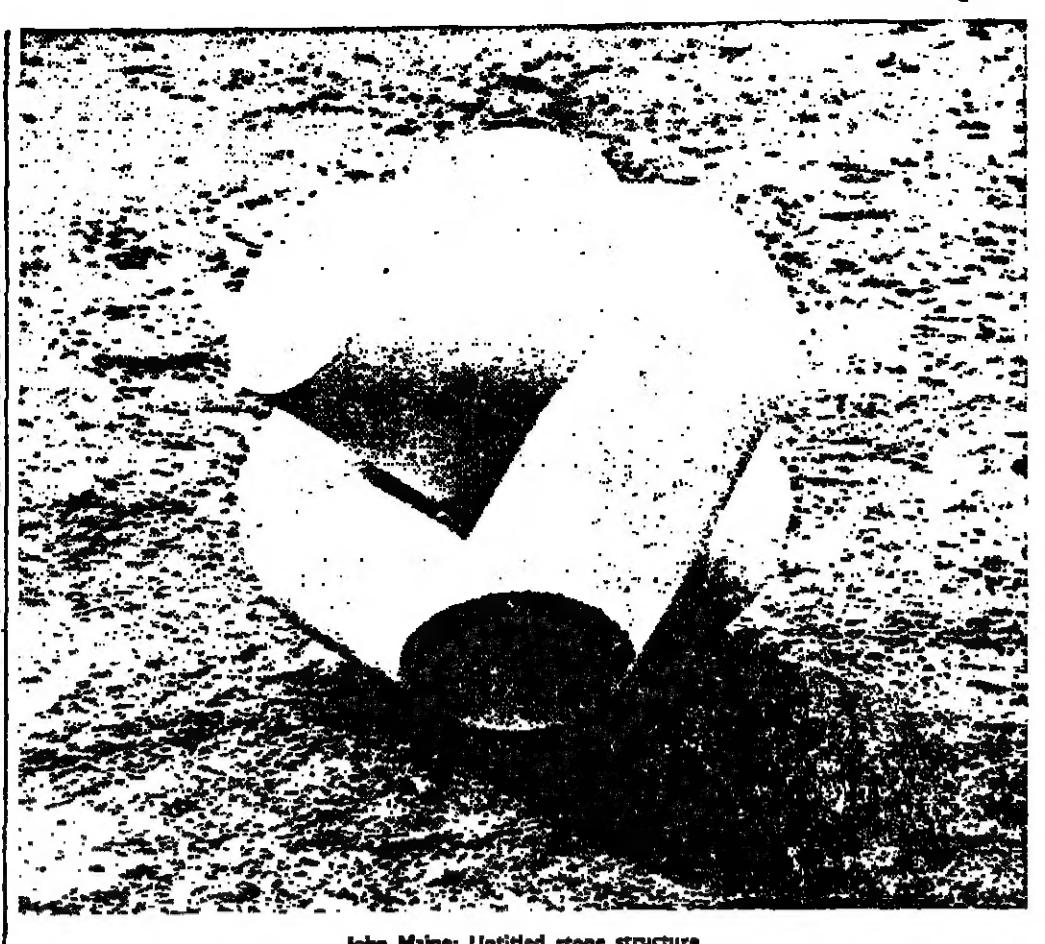
Sir Cecil Beaton

drama producers in the United States is far worse, thanks to even greater pressure of the ratings: the consequent refusal of the companies to sanction the kind of experimentation from which fresh ground might be won. Such was the message to emerge painfully loud and clear from the first programme in the new ATV series *The World of Television*, *The Beautiful Bust*—a comedy about the process of approval and disapproval before the simplest new idea is permitted to make its way onto the screen.

The example adduced was *All in the Family* (currently to be seen on BBC2) with its neighbourly racial theme. Its comedic forays into potentially dangerous areas like birth-control and impotence. In fact this was not even a new idea because the formula had already been pioneered on our own television in *Till Death Do Us Part*, the acknowledged model for the American show. Some critics have complained that apart from one clip from this show, and an amusing snatch of *Ironsides* dubbed into Chinese, we were not given any examples of the American product. But the faces of those men told all one needed to know, in the wrinkles of the brow, the stridations on the skin, one could read the sorry eloquent tale of a thousand abortive story conferences, the frustrations of the lonely pilot never to be taken into the harbour of a public screening. To-night it is the turn of Japanese television to be introduced to us and we are threatened with heights of permissiveness unparalleled in the west.

Students of the smoke-filled boardroom, connoisseurs of the conference in the midst of crisis, could hardly have demanded a more threatening three quarters of an hour than that provided by *The Company on Inside Story* (BBC2). This programme chronicled the last few weeks in the life of the Murra Organisation of Dublin, a contract supplier of packaging and manufacturer of deodorants. It had a turnover of £300,000 last year with projections of double for this, but when the credit squeeze came it found itself undercapitalised. We saw how the board struggled desperately to keep it alive pulling out every stop, an appeal to the Irish Government for a loan, another to Guinness, approaches to eminent financial advisers, the named companies in London. I cannot think why the Murra people should have wanted every turn of the screw to be

The Entertainment Guide is on Page 11



John Maine: Untitled stone structure

## Hayward Gallery The Condition of Sculpture by WILLIAM PACKER

The Arts Council's latest survey exhibition, a look at contemporary sculpture, is, in the event, both disappointing and disquieting. The choice of the work, or rather of the artists to be invited to show, was caused by challenging earlier conventions has died away. Entrusted to William Tucker, a distinguished practitioner himself, and with a healthy reputation for his critical writings on the subject, the field open to him was international, and his decision was awaited anxiously by his confreres, at least at home. The show itself, somewhat portentously entitled *The Condition of Sculpture*, turns out to be, not a diagnosis, but a definition.

"Sculpture," he says, "is subject to gravity and revealed by light. Here is the primary condition. Or, more closely, it is defined by the narrow confidence with which he interprets these and with natural materials, all truisms is the show's chiefest flaw. We too are subject to gravity, and revealed by light, and our entire lives in this world are stretched in the attempt to escape them. We can hardly fly by ignoring gravity."

Sculpture exists in the real world, substantial and three-dimensional, and to attempt to define it more closely is to retreat into academicism. Tucker remains loyal to the school of sculpture, the school of Caro and St. Martin's that established itself as a world-wide influence some 12 years ago. The disposition of given or arbitrary, and there is no space

for chapter and verse. And any mixed show, that purports to be more than a look-see, must stand or fall by its premise. In this case criticism must centre upon Tucker's attitudes, which condition the show.

However, there are good things too, and, curiously, they stand as the most comment upon the show, for, again and again, they are the pieces least comfortable within his law. Characteristically they are small, modest or tentative, their material light and practical. Nigel Hall's attenuated relief, *Recluse*, elegantly alone and away from the wall, Paul Neuge's strange match-box trophy, *Straps*, mesh of twisted strips of plywood, and the pieces by John Maine, Larry Bell and Ulrich Ruckkriem, all are more ambiguous, stranger, and richer in suggestion than Tucker might wish.

Bell's lovely glass structure, so deceptively simple, escapes its physicality and confuses the space and the viewer's experience rather than confirm these things; and Ruckkriem's implacable granite slabs are so obvious and so simple that they grow increasingly mysterious and enigmatic.

So we see Tucker bringing himself almost to the point where he might free himself of his own dogma, but not quite. But he is no trimmer; he states his beliefs and tries to stick to them. His personal accountability is a positive strength.

### Sadler's Wells Theatre

## Nederlands Dans Theater by CLEMENT CRISP

It seems a long, long time since I visited Rotterdam to see Nederlands Dans Theater on their first tentative trip to Britain. Since then we have come to know and love the company, and to respect it as one of the most productive and influential in Europe. Now, for its fifth visit to London, NDT is encoined at the Wells to show us how the repertoire and company policies are developing, and we can welcome them back as valued friends. And, as with old friends, we can accept quirks and oddities of behaviour as part of a personality we have learned to love. Which is as nice a way as I can think of saying that the opening programme of the new season on Monday was something of a disappointment.

The evening began with our first view of the choreography of Jiri Kilián, born in Czechoslovakia, but producing work that looks like a quintessential Dutch ballet. Over the years I have learned to expect ballets from Holland to feature a good deal of angst about human relationships. Maybe it is the Calvinistic traditions that inspire dance pieces so obsessed with men unhappy with women, and no less unhappy with each other. Mr. Kilián's *Le Violoncelle* complicates matters further by showing the two women in his cast of four equally unhappy with each other as well. In the language of the football pools he "perms" any two from four, and they all end up as glum as they started, having, in the meantime, lusted and groped and behaved like furies from a pit of Teufel ballet. The Debussy piano prelude of the title is played piecemeal, with lengthy interruptions in which we hear the wild waves roaring, and what at

first seemed an interesting dance language deteriorates into cliché. The piece is redeemed, though, by magnificent performances from its cast: Mies Venema and Harman Tromp, Jeanne Solan and Jon Benoit.

The succeeding *Septet Extra* we know from the Royal Ballet's Touring repertoire. I find that Hans van Manen's *Septet* sits rather oddly on the elegance and felicity of the *Saint-Saëns* trumpet septet, and the Royal Ballet's version is a little more sharp-edged in style, but the great joy of this presentation is Gérard Lemaître's incarnation of the chief male role. Witty as you could wish, with a nice line in agast glances and throwaway charm, he makes the final *Etude en forme de Valse* a little comic masterpiece as he battles against the invisible insect that besets the action.

The evening ends on a note of hermetic gloom with Louis Falco's *Caterpillar*, one of those ballets which one thinks must end soon and which never do. The score—to use a convenient misnomer—is Luciano Berio's *A-Ronne*, 1974, an interminable trip through the Tower of Babel, in which multi-lingual chatter nags and tears at our eardrums. The stage is divided by William Katz's screen to create two locales, one decorated with warmly coloured crayon scribbles, the other bluer, colder in tone. The action, for seven men and seven women, looks for all the world like dance-therapy in a mad-house, and is as tedious and unconvincing as the score. Somewhere, someone is trying to give us a message. I must avow that I didn't understand it, and, unrepentantly, don't particularly regret the fact.

### Aldeburgh Festival

## Britten's Quartet by GILLIAN WIDDICOMBE

The unveiling of an early string quartet by Britten was the highlight of Aldeburgh's first week-end. Britten is comparatively un-shy about his premature work—the *Simple Symphony*, *A Boy was Born*, and lately even sections from the long-quashed first opera *Paul Bunyan*. Precociousness is less notable than the wonderful agility and speed with which Britten has always written; and that sparse, salt, ninth-century flavour—never a note too many, or a passage too long, save forgiveness in *Midsummer Night's Dream*—wakes early. The *String Quartet in D major* was written in 1931, during his three-year period at the Royal College of Music, studying composition with John Ireland but learning more daily from Frank Bridge at home.

The quartet is a three-movement one, 19 minutes long, often featuring unison writing, sometimes jagged in theme, but always clean in contrapuntal lines, in a laterate Bridge-influenced idiom. There is a slight textbook docility about the orderliness with which new subjects and sections appear in the first two movements which develop in six- and four-bar chunks respectively; but the final *Allegro giocoso* bores along with amusing vigour, recently pruned. Bridge considered the writing too vocal—B.B. notes that he was madrigalising the time—at the time, I suppose, to the slightly syllabic tread of the first movement, and the regular imitations of the *Lento*. However, there are many passages in which muted tremolos, double-stopping, and super-legato effects are essential to the developing material; and as a whole, the work is lithe, concise and gently punchy. Not too difficult to play, I imagine; and therefore strongly recommended to young quartets, as well as the Gabrieli who gave the first performance. A good idea to partner it with the wist-

ful Ravel Quartet (which Britten surely knew as well as the Beethovens) and Mozart's Piano Quartet in E flat with Murray Perahia, who plays a large part in this year's Festival.

Saturday afternoon's concert was peculiar. The English Chamber Orchestra, resident as usual for the whole Festival, augmented and stretched its limbs into a 60-piece ensemble for Mahler's Fourth Symphony, preceded by Mozart's "Jupiter". The idea of Mahler with chamber orchestra—described as "wonderful" in the Fourth: many fine rhythmic shafts, polished nuances. Strange, though, to hear any Mahler without the hot-cold atmosphere of struggle and revelry typical of large symphony performances. Alas, Walter Susskind and the ECO proved odd partners. Flexibility and spring are important to this violins; but Susskind's style is mild-Europan; as the performance was often paced in the kind of four-four which needs a thicker tonal ensemble to blow. Sheila Armstrong sang the soprano solos discreetly sweetly. The "Jupiter" was slow, pompous, and loud in melody.

Sunday afternoon's E minor Mass was a shame. The ECO had the day off, apparently, and Philip Ledger brought the CUMS chorus and orchestra down from Cambridge. The choir is uncomfortably lugubrious and ungood; the orchestra small and tragically inadequate for the virtuosity of Bach's obligate writing. Closest to the firing line, John Shirley-Quirk's knees winced noticeably—though of course, inadvisably; but Helen Watts was the most taxed, and "Laudamus te" embarrassing. Peter Peary was pleasantly matched by Jenny Smith's light, plain soprano.

### Wimbledon Theatre

## The Phantom of the Opera by B. A. YOUNG

Nonsense, of course, but rather good nonsense, a cross between *Bonheur* and *Poe*. There is something to be said for the tale in which no homage has to be paid to credibility. The great virtue of the story, as dramatised (for the first time, surprisingly) by David Giles, is that there is always something new happening. Sometimes what happens takes up too much time; the production could spare 30 minutes without damage. But then there is the question before us of what happens next, and the equally interesting question of how it will be done.

There have been three film versions of the original novel, which I suspect few people will have read; also an updated version, *The Phantom of the Paradise*, only lately current among us. David Giles claims to have incorporated a theme in his play that none of the films realises. I don't remember them well enough to argue; perhaps it is the notion that Erik, the eponymous Phantom, exists also in the character of the Angel of Music, in which he plays Svengali to the *Tribe of Christine Daae*, a young soprano in the Paris Opera.

Foolish to recount in detail the manifold terrors that afflict the staff of the Opera as the Phantom weaves his wicked spells over them. They are in the author's own production with



Edward Petherbridge

lots of elaborate scenery. It ranges from Act V of Gounod's *Faust* (where we hear Christine Carletta (Sheila Reid) miming to the voice of Victoria de los Angeles) to the hideous torture chamber in the Phantom's elaborate underground empire, whither Keith Drinkel as Raoul, Christine's lover, and Darius, the Flying Persian, arrive only to fly the exercise of endless jolly mime.

At several points in the play there are long narrative scenes, partly acted out in flashback, and I would say that all of these are too long, however well they are done. The first of them at least gives an opportunity for Sheila Burrell, as a sinister usherette, to give a performance that hits precisely the right note for character parts in melodrama—a wild exaggeration of something well observed from life. She and Sheila Reid and Tennial Evans as Darius (wandering all over the opera

house as if he owned it) are the best at melodramatic playing; the rest, admirable as I found them, use straight methods and sometimes seem a little colourless where they might be vivid. But Edward Petherbridge's Phantom, either in his ghastly incarnation or his genteel one, has a polish sinister enough for Dracula himself.

The ingenious devices are by Kenneth Mellor. (Who did he give us the Angel in *First time round* but not later?) They are immensely elaborate and capable of being funny as well: the police interrogation in Christine's dressing-room, with all the company present, is hilarious.

### RSC plans for The Other Place

The Centenary season for the Royal Shakespeare Theatre at Stratford-upon-Avon is to be complemented by four new productions at The Other Place, the company's smaller Stratford theatre... this for the autumn season from August 1 to October 18.

*Hamlet*, already at The Other Place, will be joined on June 24 by *The Merchant of Venice*, a work on language devised by Ralph Koltai and Clifford Williams. Next, Barry Kyle, who has been appointed artistic director for

The Other Place for 1975, and John Barton, will direct John Ford's *Perkin Warbeck*, which opens on August 7.

This will be followed by *Man of Straw*, by Bertolt Brecht, directed by Howard Davies from an English version by Steve Cooch. This will open on September 22, and the cast will include Geoffrey Hutchings and Mikel Lambert.

The final play in the sequence will be Shakespeare's *Richard III*, with Ian Richardson in the title role, and Tony Church as Buckingham and Richmond.



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## WORLD TRADE NEWS

## Fiat group wins £100m. contract in Nigeria

BY ANTHONY ROBINSON

ROME, June 10.

IMPRESIT, the civil engineering subsidiary of the Fiat group, has just won a £100m. contract from the Sokoto-Rima basin Authority of Nigeria for the construction of a 5km-long dam on the Sokoto River and a vast irrigation system.

The dam will create a 450m. cubic metre lake which will irrigate 30,000 hectares of land. Power for the irrigation system will come from a hydroelectric power station incorporated in the dam itself which will also serve a new township and agro-industries.

Work will start shortly and the project is scheduled for completion by 1980. Fiat estimates that the project will lead to the export of goods worth £200m. from Italy, including

Fiat trucks, tractors and earthmoving equipment, steel pipes and machinery.

Meanwhile a high level Fiat delegation has just returned from the Soviet Union after talks concerning proposed expansion of the Togliattigrad car plant and proposals to develop the earthmoving equipment industry. To this end, Fiat general director Nicolò Giola was accompanied by director of Fiat-Allis, the earthmoving subsidiary set up two years ago through the merger of the earthmoving activities of Fiat and Allis Chalmers.

Remaining in the civil engineering field Fiat has also just announced a joint venture with the U.S. company Syska and Hennessy Inc., of New York.

Syska and Fiat Engineering have set up a joint company in Switzerland called Engineering and Construction Associates (ECA) with the aim of pooling their activities in the civil and industrial plant construction field with particular emphasis on contracts in developing countries.

All these new initiatives enter into Fiat's overall strategy of diversifying away from the automobile and internationalising not only its trade but also its partners.

Fiat might soon obtain from the Soviet Union contracts to build another car factory and plants for assembling construction machines, reliable industrial sources disclosed yesterday.

## Kenya gets vehicle assembly plant

BY OUR OWN CORRESPONDENT

NAIROBI, June 10.

AN AGREEMENT was signed here today for the establishment of Kenya's third commercial vehicle assembly plant. It is a joint venture between General Motors and Kenya's Industrial and Commercial Development Corporation.

General Motors have a 49 per cent share and the Kenya Government, through the Industrial and Commercial Development Corporation, will have a controlling 51 per cent.

The plant is to be erected just outside Nairobi and will assemble Bedford and Isuzu commercial vehicles in light, medium and heavy duty ranges. The capital required is in excess of Kenya £5m.

It will have an assembly capacity of 6,000 vehicles. Today, Dr. Julius Kiano, Kenya's Minister of Trade and Industry, said he was delighted with the agreement "but the going was tough." Mr. George Ferraresse,

who signed on behalf of General Motors, said "We believe Kenya has a sterling future and are very pleased to be part of its development." The company is to be called General Motors Kenya Ltd.

The two other commercial vehicle assembly plants now being built in Kenya are British Leyland which are assembling trucks, Landrovers and Volkswagens light commercial vehicles, as well as associated vehicle assemblies, a consortium of Lombard and Inch Cape, using Datsun, Ford, Mercedes, Peugeot and Toyota components. They have a capacity of about 5,000 vehicles each.

## NatWest North Sea loans of £42m.

THE National Westminster Bank has arranged for two lines of credit to be available to a consortium of Norwegian borrowers for the development and supply of a transportation system for the Frigg gas field, which lies in Block 25/1 and possibly Block 25/2 of the Norwegian sector of the North Sea continental shelf primarily for the transportation of natural gas to St. Fergus in Scotland.

Each financial agreement has been arranged by National Westminster Bank on behalf of itself, Midland Bank and Williams and Glyn's and is guaranteed by the Export Credits Guarantee Department.

The field loan, which is for £12m., will be used to purchase U.K. equipment and services to be utilised in the development of the field. All the contracts under that loan will be placed by Elf Norge. Each approved contract must have a minimum value of £5,000 and be placed by June 30, 1977.

The transportation loan, for £25m., with a built-in option for a further £5m., will be used to purchase U.K. equipment and services to be utilised for the provision of certain manifold platform facilities and the construction of a pipeline to St. Fergus in Scotland and all contracts under that loan will be placed by Total Oil Marine Ltd. Each approved contract must have a minimum value of £25,000.

The consortium of Norwegian borrowers in respect of each loan are Norsk Hydro Production, Elf Norge, Total Marine Norsk and Aquitaine Norge.

# Asia?

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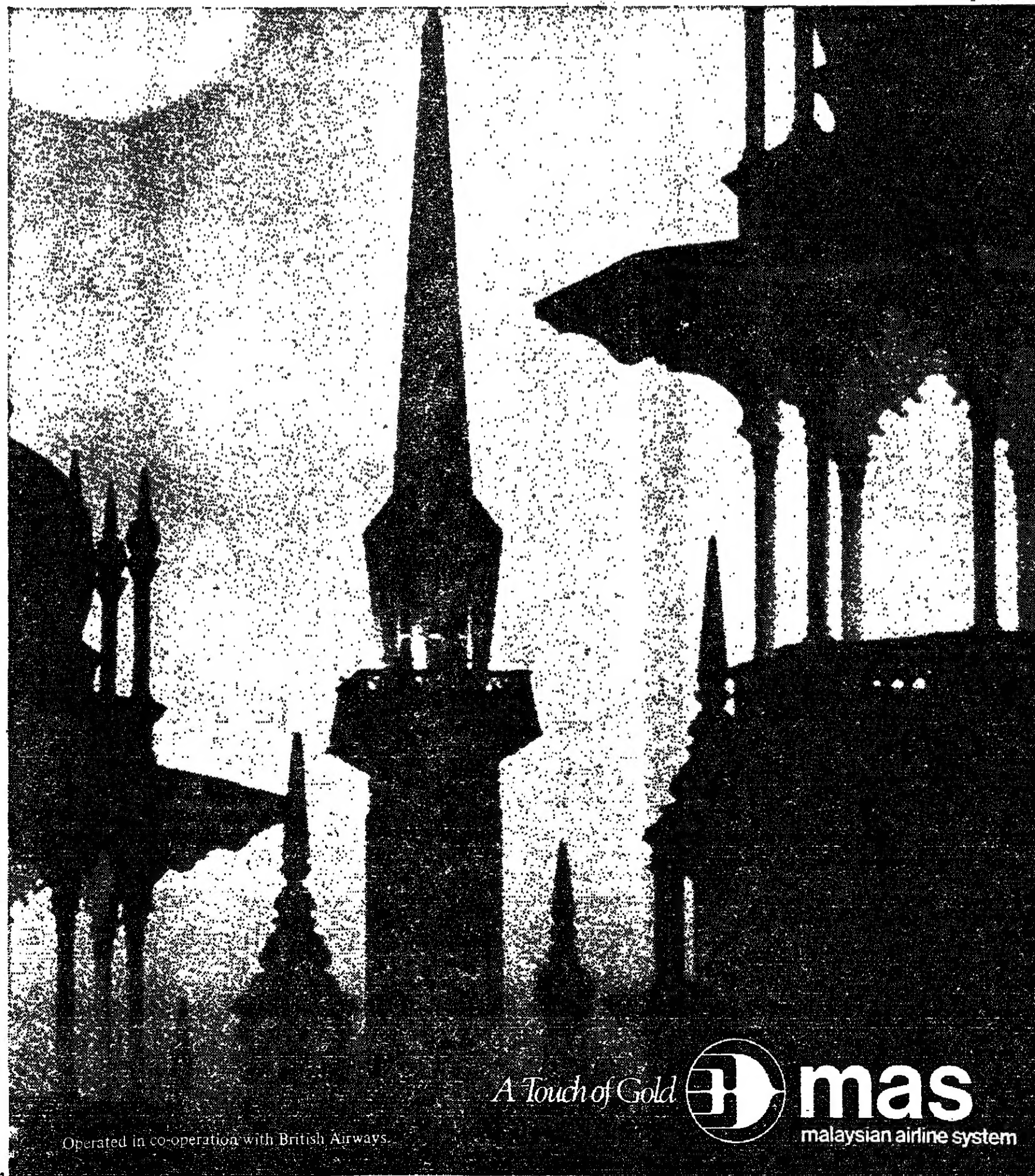
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## Plans for rules on trade subsidies

BY DAVID EGLI

GENEVA, June 10.

SPECIFIC proposals for effective rules to govern subsidies and countervailing duties are to be made later this year in a sub-group of the multilateral trade negotiations. This was agreed here in the initial meeting of the sub-group. Countries have been asked to submit their views by October 15, and the next meeting of the sub-group is scheduled for November.

The issue is important for the U.S., Canada, and EEC and certain developing countries, particularly Brazil. Of these, the U.S. has so far taken the most advanced position in suggesting that the sub-group should concentrate on subsidies that may be subject to countervailing duties and conditions for them.

In effect, the American delegation here has suggested three categories of subsidy: those which are prohibited and therefore countervailable under any circumstances; those which are permitted and never countervailable; and provisional subsidies against which a countervailing duty can be imposed if trade is being demonstrably distorted or if injury is being caused to domestic producers.

The bargaining position of the U.S. in this field has been considerably reinforced by the terms of the recent Trade Act. Under this the U.S. Administration, rather than having discretionary powers, would be required to apply such countervailing duties in all instances. The one escape clause provided in the Act is that these duties may be held up if they appear prejudicial to negotiators.

The implications are clear: the Americans attach priority to the question of subsidies and want a full solution to this problem during the negotiations. They also want to ensure that any solutions cover both industrial and agricultural products — with the implications that this has for the common agricultural policy of the European Community.

But the problems are by no means exclusive to the European U.S. trade axis. Canada is anxious to resolve its differences with the U.S. over its exports of that country of automobile tyres, and Brazil, which heavily subsidises certain exports, argues that since they come from a developing country they should not in turn be subject to countervailing duties.

## Polish supertankers for Baltic Sea approaches

BY LESLIE COLLITT

BERLIN, June 10.

POLAND'S shipbuilding industry, seventh in rank internationally among exporters, is working on a design for supertankers to allow 300,000 d.w.t. vessels to negotiate the shallow approaches to the Baltic Sea. Until now the largest ships plying the Baltic have been under 200,000 d.w.t. Giant supertankers with cargo for the Baltic must be unloaded in the North Sea and their cargo transferred to ships of shallower draft.

The Institute of Navigation in the port city of Gdansk has come up with three different types of 300,000 d.w.t. tankers capable of service in the Baltic. The first is 360 metres long, 55 metres wide and has a draught of 21 metres. The second is 344 metres long, 75.5 metres wide and has a draught of 16 metres. Type 3

is 325 metres in length, 65 metres in width, and has a draught of 19.5 metres.

Vessels up to 400,000 d.w.t. with a draught in excess of 20 metres are also under study according to the Institute. Before they could be built though a channel would have to be deepened through the great belt to allow access to the Baltic.

One Polish shipyard, the Papi Komune at Gdynia, is currently constructing a dry dock to allow construction of 400,000 d.w.t. supertankers. Over the next few years the Polish merchant marine is to be supplied with tankers of 200,000 d.w.t. as well as container and semi-container ships, passenger and cat ferries to be built at Polish and foreign yards.

## Suez Canal reopening may hit India trade

BY D. P. KUMAR

NEW DELHI, June 10.

INDIA'S EXPORT trade, particularly with Persian Gulf countries, might be adversely affected by the opening of the Suez Canal on June 5. This is because the reopening will expose Indian goods to competition from advanced countries like Germany, France, Italy and the U.K.

The products that are likely to be most affected are engineering goods. Since the closure of the canal India's engineering goods and textiles found a ready market in the Persian Gulf countries, because European countries found it uneconomical to export these products to the region via the Cape of Good Hope.

But with the reopening of the canal, highly-sophisticated European products are expected to pour into Gulf countries and India will have problems in competing with them as the landed costs and f.o.b. prices of Western products would be substantially lower.

Indian products would have to be given heavy export subsidy and also possibly cash credit incentives to enable them to retain these markets.

As regards Indian jute goods, the impact may be marginal since Bangladesh—the main competitor—will use the same sea route for its exports.

However, India is likely to gain in certain ways. The reopening of the canal will mean greater trading possibilities with Europe. Trade with East European countries and Russia will receive a fillip. The distance with Black Sea ports will be reduced by more than half and transport costs will come down correspondingly. India has certain built-in advantages on items like textiles, jute, coffee, tea, Cashew etc., and these items could now be exported to the West at much lower costs.

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## AMERICAN NEWS

## U.S. prepared to reduce nuclear strength in Europe

BY PAUL LEWIS, U.S. EDITOR

THE FORD Administration is now prepared in principle to reduce the number of tactical nuclear weapons that it stores in Europe, as part of an agreement with the Soviet Union cutting tactical nuclear weapons in the Central European forces maintained by both Nato and the Warsaw Pact.

The Americans believe that an "improved" alliance offer of this kind provides the best hope of reviving the long-stalled "MBFR" force-reduction talks. In particular, of persuading the Russians to accept a common force level ceiling with Nato, which would imply a larger reduction in Warsaw Pact troops, as well as additional cuts in their heavy concentrations of armour.

It is assumed that such a change of tactics towards the MBFR negotiations will also win the support of the other Nato allies and that there will be no objection in principle to the inclusion of tactical nuclear weapons in the force cuts that Nato countries are prepared to offer.

However, the U.S. Administration remains undecided at the moment about the best time to launch a new MBFR initiative along such lines, as well as about the precise details of the offer it and, in particular, should make—and both matters will require close consultation with the other Nato Allies.

In general terms, the feeling here is that the West should wait until the European security conference is out of the way and more progress has been made on the second SALT negotiations on

limiting Russian and American strategic nuclear arms. This is partly because the Russian authorities seem to have difficulty in concentrating on more than one security negotiation at a time, and also because Mr. Leonid Brezhnev's expected visit here later this year may give President Ford an opportunity for some personal diplomacy at the summit level.

But while it is thus likely that the revision on the West's MBFR position will not become a live issue in Nato circles for some months, the matter may get a brief airing when the U.S. Defence Secretary plays host to other members of the nuclear planning group at its next regular meeting in Monterey, California, on June 16 and 17.

## Presidential succession in Mexico

## The mystery stakes

BY ALAN RIDING, MEXICO CITY CORRESPONDENT

THE STRENGTH of President Luis Echeverría's Mexican administration is waning rapidly now that fewer than three months remain before a successor is named. Politicians, bureaucrats and even businessmen transfer their loyalties to the half-dozen Ministers who are in the running to be chosen as the next "dictator for six years."

Mr. Echeverría himself is concentrating on completing the major public works of his administration and rounding off his emergency foreign policy by playing host to a series of foreign dignitaries, but the attention of the rest of the government is very much fixed on the future. The President is, after all, the only official whose position cannot improve in the next government.

This is a traditional ritual in a one-party system that has survived almost half a century largely thanks to an inflexible constitutional ban on re-election. But it is none the less dramatic and nerve-racking since a failure to pick the winning candidate can mean demotion or even dismissal for thousands of public figures. In other words, the Institutional Revolutionary Party (PRI) continues, but the people change and each of the six leading aspirants knows that he and his followers may be in the wilderness during the next six-year administration.

On the surface, at least, the succession battle this time is different. Mr. Echeverría, who has permitted greater freedom of Press and political opinion since his installation in 1970, has tried to clear away some of the mystery surrounding the succession by allowing public identification of the main candidates and by encouraging them to give opinions on key issues. He has also instructed the PRI leadership to prepare a National Plan of government which will be the chosen candidate's campaign platform for the July, 1976, elections.

Yet these changes would appear to be little more than democratic cosmetics because the fundamental questions of who picks the PRI's nominee and how he is selected remain unanswered. True, six Cabinet members have been named as the "apparent" candidates, yet in the past those names would also have been known, though perhaps not published. The candidates have also been told to give their views on key issues, but they continue to echo the President for fear of "burning" their chances. Finally, despite the planned PRI platform, the party candidate will feel no

In his controversial book, *In side the Company: CIA Diary*, an ex-agent, Mr. Philip Agee, claims that Sr. Echeverría, then Interior Minister under President Gustavo Díaz Ordaz, informed the local CIA Station Chief that he would be the next President two years before the official announcement. So the question arises now: has the successor already been picked and does the current political battle have the sole objective of eliminating those other candidates who think they should be chosen? Probably no one but the President could answer that, although his alter-party candidate will feel no

a clear public image is the Labour Minister, Sr. Porfirio Muñoz Ledo also 43 years old, whose long association with the Colegio de México has given him the reputation of being a Left-wing intellectual. Considered the brightest member of the present Cabinet, Sr. Muñoz was the author of the Charter of Economic Rights and Duties of States which became the pillar of Sr. Echeverría's Third World-oriented foreign policy. His prospects have been bolstered by the President's recent statements that his successor should be "even more revolutionary" than himself, although Sr. Muñoz's

López Portillo, who was briefly favourite six months ago, seems to have given up the race. But the Social Security Director, Sr. Carlos Gálvez Betancourt, and the Agrarian Reform Minister, Sr. Augusto Gómez Villanueva, are apparently gaining strength. In the restaurants near Congress, other names are thrown around and the President's every action and speeches are analysed by Deputies and Senators whose political futures depend on identifying the right man. Everyone is ready to be surprised, but no one wants to be caught off-guard.

Inevitably, there is also a sharp reduction of "normal" activity in both public and private sectors. Officials try to complete on-going projects which their successors might drop, while not a few bureaucrats give priority attention to increasing their "savings" for fear of lean years ahead. No new programmes are launched and new studies and recommendations are held back to be presented to the successful candidate. In the private sector, investment plans are frozen and top businessmen—Mexican and foreign—make no secret of their view that future investments depend on the choice of a candidate more sympathetic to their interests than Sr. Echeverría.

But not all the confusion will disappear when the successor is named in the weeks following Sr. Echeverría's fifth State of the Union address on September 1. Despite the continuity of the PRI, the political behaviour of the party candidate is totally unpredictable once he becomes President on December 1, 1976. A conservative Minister and a liberal President. Would Sr. Muñoz follow suit or would Sr. Muñoz become more conservative in order to hold the system together? In Mexico, faces are saved by using masks. Only the President can afford to remove

"The political behaviour of the party candidate is totally unpredictable once he becomes President."

## Ford defers new models output

BY GUY DE JONQUIERES

NEW YORK, June 10.

FORD MOTOR, the second largest American car manufacturer, is to defer the start of production of its 1976 model cars by lengthening the customary closure of its main U.S. assembly plants by at least one week later this summer.

Officially, this decision is intended to allow extra time for the preparation and introduction of new models, with improved fuel economy. Ford maintains that it will assemble the new models at a faster rate once production begins and that there will be no cutback in its third quarter production.

The delay will, however, take some of the pressure off Ford dealers to clear their stocks of current 1975 models before the new model year begins in the autumn. At the start of this month, Ford's unsold stock levels amounted to 78 days' supply, the highest in the industry, and a

farred poorly in fuel economy by comparison with other American manufacturers. With this in mind, the company has been working hard to improve mileage on its 1976 model products.

In fact, the company has already announced a new line of improved mileage cars, which will go on sale next week. These are all smaller models, which achieved only 18 miles per gallon average in city driving, according to Government tests. Now, it is claimed that they will return 23 miles per gallon.

With the U.S. car market still weak, third quarter production plans by the industry remain unclear and may not be finally decided for several more weeks. The industry hopes that there may be an increase in sales just before the end of the 1975 model year in late summer, as happened last year—though this could be followed by a similar sales decline after the start of the new model year.

## Pele signs big contracts

Bermuda, June 10.

BRAZILIAN soccer star Pele has signed contracts here worth an estimated \$6m-\$12m for publishing products of an American entertainment and publishing company and for television and film rights.

Pele signed the contracts yesterday with Warner Communications Corporation, owners of the New York Cosmos soccer club. The 34-year-old former World Cup star then flew to New York, where he was due today to sign another three-year contract to play for the Cosmos in the North American Soccer League. Reuter

## Fall in Canadian jobless

OTTAWA, June 10.

THE NUMBER of unemployed in Canada fell by 0.1 per cent. in May to 7.1 per cent. Statistics Canada said today. The agency said that seasonally adjusted, the jobless rate was down only marginally, an indication that fewer jobs than usual were available at this time. The number of jobless Canadians was down 81,000 in May, bringing the total unemployed to 713,000 in a labour force of 10,046,000.

● Montreal: New reductions in the U.S. prime lending rates yesterday have stretched the gap in interest rates generally between Canada and the U.S. to around 2 per centage points, writes Robert Gibbens.

Money market sources now be-

lieve that with a steadier Canadian dollar in the exchange markets, the pressure is building up for cuts in Canadian prime and other interest rates, with quiet Bank of Canada approval.

A falling interest rate structure would also suit the federal Government in preparing for its budget of June 23. The prospect for prime rate cuts shortly showed up in fractional gains in the Canadian bond market on Monday.

## Rockefeller optimistic about upturn

By Michael Van Os  
AMSTERDAM, June 10.

A TOP American banker has said that all the signs in the U.S. now are that an economic improvement is imminent. There should be clear evidence in the second half of this year of a recovery in both production and employment.

Addressing a luncheon in The Hague today, Mr. David Rockefeller, chairman of the Board of the Chase Manhattan Bank, New York, said that the slowdown in the rate of inflation, a sharp drop in short-term interest rates, some reduction in long-term rates and a working off of excess inventories all indicate that the worst of the recession is over.

"We do believe that the U.S. economy will come back fairly slowly," Mr. Rockefeller added, however. "For one thing, there is no sign that any one sector of the economy will provide the kind of boom that would trigger a swift upturn in the whole economy. For another, we expect that the automobile and housing industries will remain well below previous peaks for some time to come."

The Chase Bank chairman told the American Chamber of Commerce in the Netherlands and the American Association of the Netherlands that "while we don't foresee any boom for a while, we do expect much stronger economic growth in 1976."

He added that real GNP should grow by 6 per cent. or so, corporate profits should recover much of the ground lost in the current year and the unemployment rate should drop, although it is likely to remain high by recent standards during much of 1976. "Among other things, these prospects should help strengthen the dollar which would benefit world trade in general," Mr. Rockefeller added.

Although the tone of his speech was generally very optimistic, the Chase chairman also issued a warning that perhaps the most obvious economic threat to this prospective recovery would be an early revival of inflation resulting from a continuation of excessive stimulation after recovery is under way. The chance of this happening did not appear to be very great, however.

Besides trying to avoid past mistakes of excessive stimulation, the banker said that the U.S. should aim at maintaining a full-fledged member of the world economic community. He added: "It must unfortunately be recognised, however, that there is a real threat to that full membership brought about in part by the large number of Bills which are being introduced in our Congress these days relating to the imposition of new constraints on trade and on foreign investment in the U.S."

## ANGLO-SOVIET TRADE

The Financial Times proposes to publish a survey on Anglo-Soviet Trade in its issue of 15th July, 1975. The following indicates the proposed editorial content.

**Introduction** Brief history pointing out Britain's big role in the early days of Soviet foreign trade, but its declining importance in the years of detente. Possible reasons include a lack of flexibility on the British side, but uncertain political relations may have contributed. Prospects now brighter in the "new era" of Anglo-Soviet relations.

**Structure of Anglo-Soviet trade** Broadly, Soviet sales of raw materials, timber, diamonds, fur, etc., and British sales of equipment and technology, notably in textiles, machine tools, etc. But pattern is now shifting towards a greater role for Soviet industrial products and licences. Significance of the long-term co-operation agreement.

**The Soviet view** A Soviet economist examines links between the two countries, pinpoints possible reasons for the relative decline, and assesses future prospects.

**Soviet economy** British sales prospects depend on detailed knowledge of Soviet economic targets. A description of current priorities and the likely pattern of the next Five-Year Plan 1976-80.

**Soviet foreign trade policies** The growing role of foreign trade in total Soviet activity; the relative roles of Comecon, the West and the developing world.

## Examination of specific fields

- a) Raw materials
- b) Equipment, machine tools, etc.
- c) Light industrial
- d) Co-operation
- e) Licensing
- f) Consumer goods

**Finance** Role of ECED and the \$950m. credit. Soviet financing policies, and the role of the merchant banks. Interest rates. British banks in Moscow.

**The practical aspects** The conduct of Soviet trade, its structure; hints on negotiating; the role of the Highgate trade mission; the British presence in Moscow.

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## EUROPEAN NEWS

## Tindemans faces critics over U.S. fighter choice

BY DAVID CURRY

POURING scorn on suggestions that Belgium had turned her back on Europe in opting for an American aircraft to replace its air force Starfighters, the Belgian Prime Minister, Mr. Leo Tindemans, yesterday opened his campaign to preserve the life of his Government, jeopardised by the fighter issue.

At the same time he re-asserted Belgium's desire to see the creation of a genuinely European aerospace industry and spelled out the attempts made over the past months to persuade the Benelux countries, Germany and France to agree to joint development of the Mirage as the genesis of such a project.

While Mr. Tindemans was speaking in Parliament, the Socialist Party and the Flemish language party were deciding whether to put down a no confidence motion against the Government. In the face of a vote the Government would depend on the support of a section of the smallest part of its coalition, the French language Rassemblement Wallon which is split from top to bottom over the aircraft order.

Mr. Tindemans was particularly scathing about suggestions that the Mirage was the "European" option, the F-1 was neither conceived nor developed jointly, and "it is not in truth a European machine," he remarked.

He asserted that the overwhelming need had been to fulfil the country's Nato role, and strengthen Western defence by standardising armaments. At the same time the genuine partnership offered by the U.S. in manufacture of the aircraft meant that the F-16 was good for the Euro-

pean aerospace industry as well as the right aircraft for Nato. He pointed out that France did not take part in Nato integration nor in the Euro-group which concerned itself with procurement. It would have been necessary to make sure that a French purchase strengthened European security. In particular, Mr. Tindemans spelled out that France would have had to be

broadened into a blueprint for the establishment of a European aircraft industry involving all the EEC countries.

He made clear that Belgian proposals to patch together a European Aerospace Industry on the back of the Mirage had met with a flat refusal from the Dutch who thought that the Mirage was not a suitable machine on which to base co-operation and the Germans who wanted to keep the Starfighter replacement question separate from that of a European joint venture.

However, the Government is pursuing its plans for European integration, particularly a project for a European armaments agency. It hopes to call a meeting of European governments this month to discuss the question of setting up an integrated European aerospace industry, the talks to include Britain and Italy.

A dossier sent to Parliament by the Government reveals that, in addition to cost advantages, Belgium also won last-minute concessions from the U.S. which helped to swing its choice. Europe was in the end to receive the agreed formula, on all the aircraft ordered for the U.S. air force, for unlimited third country sales, and to share in work on sales to other European countries.

## Prostitutes evicted from French churches

By Giles Merritt

PARIS, June 10.

IN A SERIES of dawn raids this morning, police squads swooped on churches in six major French cities which have been occupied during the week-long prostitutes' "strike."

Acting on the orders of France's Interior Minister, M. Michel Poniatowski, who has since claimed that the cathedral of Notre Dame de Paris has been singled out for occupation today, the girls were physically evicted from the churches where they have been camping out during their much publicised protest.

In Marseille and Lyons, the latter city having been the starting point a week ago of the prostitutes' demonstrations against police harassment, high fines and bribe taking, there have been reports of girls being molested during the evictions. The police authorities have since denied this.

It now seems, however, that the prostitutes have succeeded in focusing enough attention on themselves to ensure official efforts to end the ambiguous legal status of their trade. In an Elysee Palace statement today, President Giscard d'Estaing promised an inquiry into the "human problems" of prostitution.

Soliciting is illegal but prostitution itself is not. As a result, claim the girls, they often are forced to pay out as much as £100 a day in fines and bribes. M. Poniatowski himself conceded in a radio interview this morning that the laws governing prostitution were "hypocritical and contradictory" and said that the girls certainly had the right to have their situation examined.

But he insisted that the French Government has no intention of drafting legislation that would encourage prostitution. He pointed out that it is already a £7m-a-year business, bigger even than Thiers betting.

Just what shape new French legislation on prostitution and pimping will take no one knows. The debate M. Giscard d'Estaing's promised enquiry will certainly trigger will no doubt be lively. . . . and, France being what it is, entertaining. This week-end, the French Minister "for the quality of life," M. Andre Jarrot, loosed-off the opening shots in the discussion with his public statement not only should France never have banned the brothels after the war, but that in any case there remained the matter of the several million bachelor immigrant workers who still need to be catered for.

If anyone has so far come badly out of the affair it is not the several hundred militant prostitutes evicted around the country but France's transient Minister for the Feminine Condition, Mme. Francoise Giroud. Her recent refusal to meet a delegation of prostitutes who wished to explain their troubles and solicit her help has since unleashed a growing storm of criticism.

## UN GETS REPORT ON CYPRUS

By Our Own Correspondent

UNITED NATIONS, June 10.

U.N. SECRETARY-General Kurt Waldheim said in his report to the Security Council on Cyprus today that the inter-communal negotiations needed to be accelerated. One problem was priorities. One side wanted to establish the powers and functions of central government, while the other wanted to clarify "territorial aspects."

Dr. Waldheim, as expected, recommended a further six-month extension of the U.N. peace-keeping force's mandate on the island, to which both sides have agreed.

## Cash bonus to speed Russian harvest

MOSCOW, June 10.

THE SOVIET Union said today that the crucial 1975 wheat harvest is beginning and disclosed that farmers are being offered big cash bonuses to work harder and faster.

The Communist Party newspaper Pravda said the incentive plan is being tried out in the Kuban region of the Caucasus to increase yields of winter wheat now entering the harvest season. The new incentive plan is aimed at cutting the amount of time winter wheat, which is planted before cold sets in during the autumn, spends waiting to be harvested.

The Russians are offering combine workers a 100 per cent salary bonus if they harvest all their assigned work within eight days. 75 per cent bonuses for nine days and 50 per cent for 10 days. By shortening harvesting time, the farmers hope to cut wastage and thus increase the yield from each acre.

Pravda also disclosed that Russian farmers are still suffering from the kind of bad planning that has afflicted previous harvests, declaring that farmers in Kuban lack spare parts for farm machinery.

Because of the possible repercussions the Soviet grain crop can have in the United States, the U.S. keeps close watch on Soviet production. A U.S. report estimated yesterday the Soviet grain crop to be about 200m. tons, about 10m. tons below the official Soviet estimate, and blamed drought weather in several regions of the country for the decrease in expectations.

UPI. However, reports AP-WY from Chicago, Agriculture Department officials said today that the report was "outdated." The report covered conditions as of May 31. Since then, there had been a big improvement in the outlook.

## Irish may defer pay rise agreed in national pact

BY DOMINICK J. COYLE

DUBLIN, June 10.

A COUNTER-INFLATION package prepared by the Secretariat of the National Economic and Social Council (NESC) proposes a 10 per cent surcharge on income tax, selective food subsidies, a reduction in some VAT rates, a doubling of the road tax on private motor-cars and the deferral or withholding of the second phase settlement in the wage agreement.

The Government itself is, in all the NESC proposals, considering a number of the proposals proposed in today's reports, but Ministers are anxious that any interference with the pay agreement should appear to emerge spontaneously through agreement between employers and the Irish Congress of Trade Unions.

In this regard, it is conceded that the "could pro quo" from Government would have to be a considerable, not least a direct lowering of prices in the public sector (perhaps electricity and transport) and additional state expenditure in the currently hard-pressed construction industry.

An income tax surcharge covering the middle to upper income groups would also find favour with many trade unions, the farming organisations.

its report and it was given to the Government today, but without any public disclosure as to its contents, or even an indication that the various groups represented on the Council had endorsed its proposals. Indeed, clear was that today's published reports "were not authorised by the council."

However, it is unlikely that the final NESC proposals carry the unanimous endorsement of the council which, increasingly, has fallen back on the doubtful formula of seeking to cover up fundamental disagreements within its membership by inviting its own secretariat to prepare reports and then simply publishing them, or passing them on to Government, as discussion documents.

The Irish Congress of Trade Unions, in a formal statement to-night, said that any proposals to solve the present inflationary problems at the expense of the national pay agreement "would be wholly opposed."

## Dutch unemployment up

BY MICHAEL VAN OS

AMSTERDAM, June 10.

THE EMPLOYMENT situation in Holland continued to worsen in May. Indications are that the unemployment figures will deteriorate further in the next few months as the massive reflation measures taken earlier are expected to show results only after some time.

According to the latest figures published in The Hague today, the seasonally-corrected unemployment figure for men and women combined had reached 211,900 in May (8.2 per cent), which compares with 159,000 (8.4 per cent) in May last year.

The Ministry of Social Affairs attributed the deterioration to the continuing slackness in per-

domestic and foreign economic activity, resulting in fewer orders for industry. Stocks of unsold products are still considered to be too high.

Mr. Jaap Boersma, Minister of Social Affairs, yesterday referred to employment difficulties concerning reschooling of workers, declaring that reschooling facilities were being under-utilised.

A particularly worrying sector is the Dutch building industry. The Central Bureau of Statistics (CBS) said in The Hague today, quoting tentative figures, that building production had been 4 per cent lower in the first quarter compared with the same quarter last year. Excluding price rises, however, production had declined by as much as 14 per cent.

## Danes foresee zero growth

By Hilary Barnes

COPENHAGEN, June 10.

THIS YEAR will be one of zero growth for Denmark, with a level of unemployment and a fall in business investment of 17 per cent, according to the official economic survey published today. However, towards the end of the year and in 1976 there should be a resumption of growth, stimulated by private consumption, public sector spending and house-building.

The present recession is expected to lead to a sharp improvement in the current balance of payments a deficit of Kr.2bn. compared with Kr.6bn. last year. Next year, however, an increased demand is expected to lead to a deterioration in the current balance of a possible deficit of Kr.4bn.

## Iceland facing general strike

By Our Own Correspondent

REYKJAVIK, June 10.

ICELAND today appeared condemned to a bitter general strike to begin at midnight in support of a 38-39 per cent rise claimed for the lower paid, with workers in the higher paid brackets to receive the same absolute increases in terms of cash.

A mediation board appointed by the Government was believed to have recommended a 10 per cent wage increase. This was not expected to satisfy the Labour Federation, which was expected to call on 40,000 workers, or about 40 per cent of its members.

The strike would paralyse production throughout the country including most of the fisheries, which account for 13 per cent of GNP. Fishermen on trawlers of more than 500 tons have already been out for two months. Ship and office workers will remain at work, at any rate until June 12.

Merchant ships were leaving harbour as quickly as possible to avoid the strike. Ship's engineers who had been out in sympathy with the fishermen returned to work yesterday fearing that their strike might be found illegal in the courts.

Airlines were expected to stop flying, though it may be possible to maintain international services until Friday.

Employers claimed that, as they are by an inflation rate close to 50 per cent a year, there was almost nothing in the kitty for wage increases. A system of wage indexing was abandoned last year, at least temporarily, in the hope of bringing the inflation rate under control. It had shot up from a steady rate of 16-18 per cent in the 1960s and early 1970s.

## German railways plan to cut costs by £460m.

BY GUY HAWTIN

BONN, June 10.

WEST GERMANY'S railways are embarking on a "radical savings programme" aimed at trimming costs by about £460m. (DM.460m.) a year. Without this savings programme it is officially estimated that the Federal Republic's budget would be worse off by DM.16bn. (£2,950m.) a year by 1979.

Last year, West German railways lost about DM.2.8bn. (£514m.), rather less than expected. This year the deficit is expected to rise to a net DM.3.7bn. (£680m.).

The railways' gross losses during the current year, however, are expected to total about DM.5.43bn. (just £1bn.) and at the same time, the annual balance sheet loss is expected to run at about DM.5bn. (£917m.).

According to Dr. Wolfgang Vaerst, president of the Deutsche Bundesbahn, the "radical cuts" will involve heavy cuts in personnel. The policy of non-recruitment of new staff would be continued, and over and above already planned cuts of 20,000 jobs, the payroll would be trimmed by a further 40,000 places.

On the personnel front alone, the slimmed workforce of 346,000 employees would save the railways about DM.1.5bn. (£295m.) a year, Dr. Vaerst said. It is planned to cut routes, and the railways are to be put

on a new organisational basis. The old "Prussian hierarchical administration structure" is to be replaced with a system that Dr. Vaerst says will make it possible to measure each individual worker's performance. The savings plan will make for a smaller Bundesbahn but a more sound financial footing to face the stiff competition coming from other forms of transport, Dr. Vaerst said.

Last year the Government subsidy totalled about DM10bn. (£1,940m.). According to Dr. Vaerst, personnel costs accounted for about 72 per cent of total costs, which, at DM16.0bn. (£3,180m.), were held at about the previous year's level.

The new plan reflects in some degree Chancellor Helmut Schmidt's view that the railways' current debt into an annual profit of DM3.5bn. (£650m.) by 1983 is "utopian."

There remains stiff competition on the profitable long-distance routes, while, at the same time, the railways are being obliged to maintain unprofitable services for social reasons. The savings plan will certainly aid the railways to curb steeply rising labour costs. Many of the social responsibilities, however, cannot be dispensed with and will continue to be a drain on resources.

## French cut base rate

BY RUPERT CORNWELL

PARIS, June 10.

AFTER last week's half-point cut in bank rate, the French commercial banks have bowed to the wishes of the Finance Ministry and lowered a further notch the rate at which they lend funds to industry.

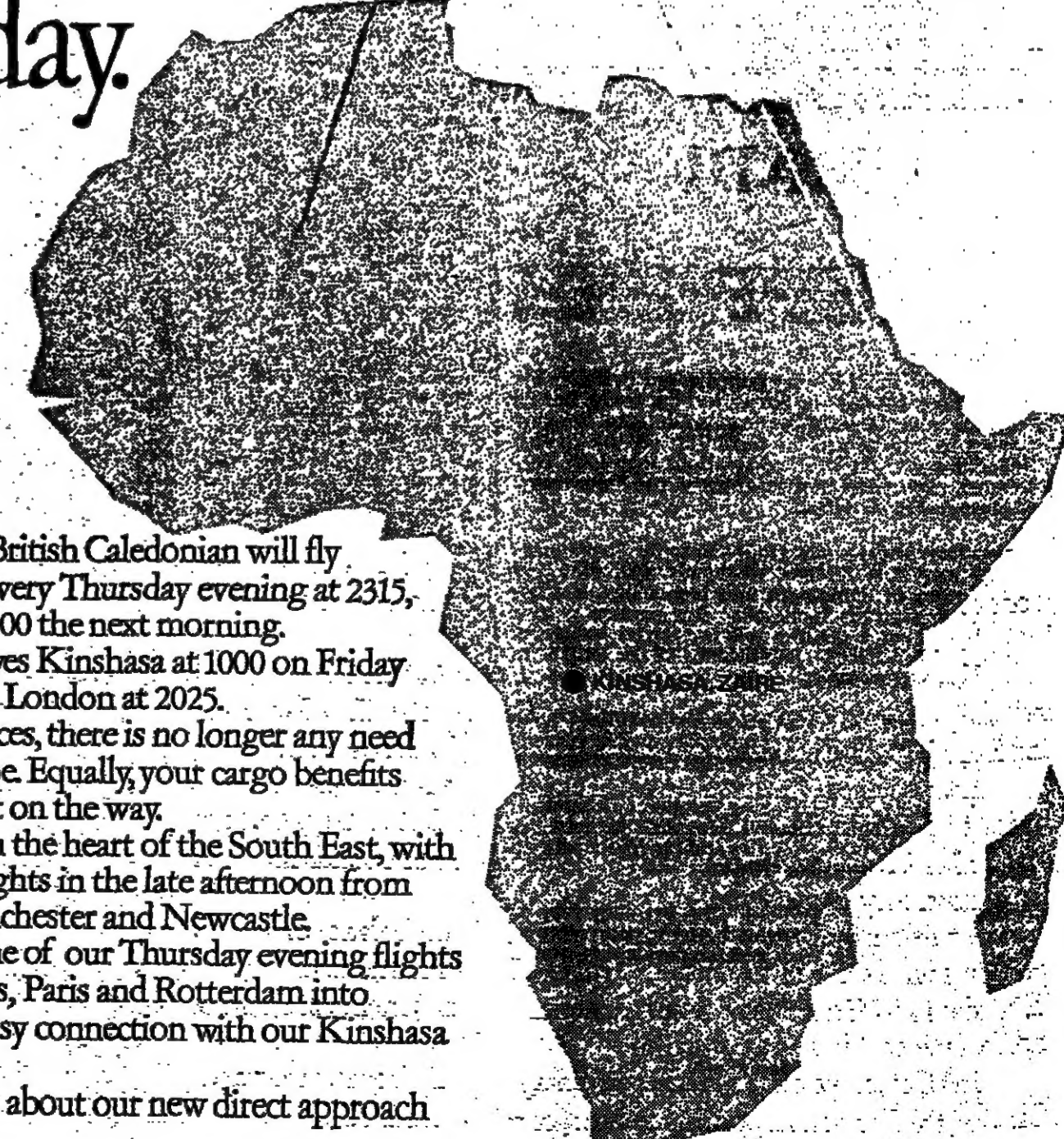
The reduction — as for bank rate the fourth this year — lowers the base rate for corporate borrowers to 9.80 per cent, from 10.30 per cent previously, while the basic cost for overdraft goes down to 11.55 per cent from 12.35 per cent.

The trend towards cheaper

money in France is part of the Government's reflationary strategy to pull the country out of what appears to be a deepening recession. However, the banks will be pressing for some help to their own liquidity, and it is possible that fresh cuts in their own minimum reserve requirements are on the way.

John Wicks, writer from Zurich: Major Swiss banks have announced decreases in deposit rates to 3½ (4) per cent for three to five-month deposits and to 4½ (4) per cent for six to 11-months.

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## EUROPEAN NEWS

## ITALIAN REGIONAL ELECTIONS

## Sig. Fanfani's fight for survival

BY ANTHONY ROBINSON, ROME CORRESPONDENT

NEARLY 40m. Italian voters go to the polls on June 15 to elect new regional assemblies in the 15 regions set up in 1970 as well as in 86 provinces and 6,500 communes throughout the country. Theoretically that provides an opportunity for voters to express their judgment on the performance of the regions in their first five years of existence and on the administrative honesty and efficiency of their provincial and communal councillors.

In practice, the story will be different. To be sure, the voting pattern will lead to the election of these officials, but that will be almost incidental to an election campaign fought almost entirely on the grand themes of national and international politics, so beloved of Italian politicians. None of your 3p-on-the-rates type arguments here! That does not mean that the local issues do not count, that local personalities do not have their influence, or that favours done and slights received will be forgotten on voting day. Nor does it detract from the value of the various congresses, debates and lobbying for funds and influence in which all the parties have participated in preparation for the elections.

But all the local authorities, including the recently constituted regions, are deep in debt and limited in powers. Although one of the growing pressures in contemporary Italy is for greater autonomy and participation at a local level, the voters know that what really counts is the way in which the distribution of power between the parties nationally. That is of particular interest at this time because the elections of June 15 provide the first opportunity on a national scale to verify, at a year's distance, the full political impact of the divorce referendum vote of May 12 last year, which saw millions of Italians cross their respective party lines for the first time in 25 years to give an overwhelming 59 per cent. vote in favour of what is generally recognised to

be an essentially modern, lay attitude to an important social and political question.

On the basis of this vote many political observers here saw the premise for a break up of that political log jam which has characterised the Italian electoral pattern for nearly 30 years. It is a pattern which has allowed the Christian Democrat Party to maintain an unbroken hegemony of power on the basis of around 38 per cent of the votes in and alliance first with centrist parties like the Liberals, Republicans and Social Democrats, and then opening the alliance to include the Socialists while continuing to exclude from national Government both the Communists with their 28 per cent of the electorate and the neo-Fascist Movimento Sociale Italiano (MSI).

The divorce referendum showed that for the first time millions of Catholic Christian Democrat voters had abandoned their party's line. This caused the party to fear, and the Socialists and Communists in particular to hope, that the CD party would drop below that 35 per cent of the total votes which is taken to be the minimum below which the party's hegemony would be seriously threatened. These hopes and fears appeared to be borne out by the results of the partial elections in Sardinia last June and various local and communal elections which showed a substantial haemorrhage in areas of traditionally strong CD electoral influence. That helps to explain why the current local and regional election campaign is being fought with a bitterness and aggressiveness exceptional even by the traditionally tough electioneering standards here.

It is a tone which has been very largely set by Sig. Amintore Fanfani, the Secretary of the CD party. He led it into the referendum defeat and knows without any shadow of doubt that he is fighting not only for the survival of his party as arbiter of Italian politics, but also for his own political

survival. Sig. Fanfani, virtually written off after the referendum, has bounced back with an impressive display of aggressive energy and tactical skill which has caught all the other parties, including the Communist Party, off balance. Scoring subtly, Sig. Fanfani decided that the campaign was going to be fought on his terms and early on he singled out anti-Communism and law and order as the principal themes to hammer home.



Sig. Amintore Fanfani

Sensing growing popular unrest at the underlying economic crisis, and particularly the heavy increased burden of taxation, Sig. Fanfani overnight became the paladin of lower taxation for married couples, especially harshly treated under the new tax law, even though this brought him into conflict with the Finance Minister, Sig. Bruno Visentini, who complained that the tax system was in such a chaos that it would take three years to make it work provided that no one interfered.

This incident clearly demonstrated that at this stage the only thing that counts is to win

the elections, or at least to contain the likely CD loss sufficiently to maintain the party's share over the 35 per cent. Another reason why Sig. Fanfani has insisted that at this time only electorally exploitable problems count is that he is well aware that, after 30 years of uninterrupted power, the CD party is gravely vulnerable to charges of corruption, maladministration, and patronage, which underline so many of the social problems besetting the public order situation and the economic crisis which has made the tax burden so onerous.

On the other hand both he and the party leadership as a whole are incensed by the way in which the Socialist Party in particular is attacking the CD party. After all, they argue, the Socialist Party has been in the Government for most of the last 12 years, and must bear its share of responsibility for any errors committed. The Socialists for their part argue that though formally they were in Government, the CD effectively excluded them from real power, and that they are campaigning for a greater Socialist vote to force the CD to concede them a greater share of power in any future Centre-Left Government. Significantly feeling within the CD party is running much higher against the Socialists than against the Communists, even though for reasons of political strategy the CD campaign is also based on a rigidly anti-Communist line.

The prospects seem to be that voters will show a marginally greater volatility than hitherto, but that the full extent of this will never be fully seen because much of the movement from one party to another will probably be largely offset by movements in the opposite direction. The CD party for example is expected to gain votes on its Right at the expense of the Social Democrats and MSI which will partially compensate for losses to the Socialists or Communists on the Left. That is expected to leave

Sig. Fanfani his over 35 per cent. target. The general view is that the Left as a whole will gain, partly because it is expected to pick up the lion's share of the 2.5m. over 18s who vote for the first time in these elections. The Communist Party for example is hoping to top the 30 per cent. mark although it is being increasingly challenged on its Left by extra-parliamentary groups standing in certain red strongholds such as Emilia-Romagna and Tuscany, as well as Lazio. The Socialists hope to gain considerably, but look like being disappointed in their aim to top the 15 per cent. mark. Both the Liberals and the MSI, which has been severely compromised by the publicity given to numerous examples of extreme Right-wing terrorism, are expected to lose ground along with the Social Democrats who have had their electoral clothes neatly stolen by Sig. Fanfani. The Republicans are expected to gain marginally.

Provided there is no political violence to raise emotions, and provided the electorate does not throw over its 30-year proven preference for moderate electoral change, Italy on June 15 should look very much the same as before. There might be one or two new "Red Regions" like Liguria and the Marche to add to existing Emilia-Romagna, Tuscany, and Umbria, several hundred new Socialist and Communist regional and local councillors—and an unchanged legacy of national and local problems to solve which have been put aside until after the elections. After studying carefully the entrails of the results for significant signs, the politicians will probably then turn their attention to thinking about the timing of the next Government crisis which will inevitably be made more difficult by the harshness of the polemics between the four parties of the Centre-Left in these elections. There will probably also be talk of new general elections if socialists and Christian Democrats fail to sink their differences and so Italian life goes on.

## Tito gives formal support to non-aligned N. Korea

BY PAUL LENDVAY

VIENNA, June 10.

MARSHAL TITO, the Yugoslav leader, has come out publicly in favour of North Korea's admission to the world group of non-aligned nations. North Korea would be the third full-fledged Communist country—after Yugoslavia and Cuba—to join the group if, as expected, the ministerial meeting in Lima in August approves its participation.

In a joint communiqué issued today to mark the end of the five-day visit to Yugoslavia of the North Korean President and Communist Party chief, Kim Il Sung, Yugoslavia said it fully supported the North Korean demand for an immediate withdrawal of all foreign troops from South Korea and the Communist proposals as a basis for the reunification of the Korean Peninsula.

The Yugoslav mass media gave unprecedented publicity to the talks between Marshal Tito and the North Korean leader. In an improvised public statement made last night in Ljubljana, Marshal Tito promised to give full support both bilaterally and at international level to the fight of what he called "our Korean friends" for the reunification of the Korean Peninsula. Mr. Kim Il Sung repeatedly expressed "profound gratitude" for the Yugoslav support, both with regard to the admission of North Korea to the non-aligned group and to the "struggle for an autonomous and peaceful reunification of our country."

Economic relations are extremely limited between North Korea and the countries President Kim Il Sung has just visited—Yugoslavia, Romania and Bulgaria—but North Korea

is now regarded both by the Yugoslavs and the Romanians as an important ally in resisting Soviet attempts at the domination of the world Communist movement.

Mr. Kim Il Sung carefully avoided mention of either Russia or China and repeatedly stressed the equality and full independence of each Communist Party.

At the same time North Korea's interests in the non-aligned movement, which has lately played a rather insignificant role, is claimed by the Yugoslav side as a significant and symbolic success for Marshal Tito's independent foreign policy. Tokyo and the dominions, Page 8

## EEC 'should aid Britain to avoid import curbs'

BY HILARY BARNES

COPENHAGEN, June 10.

THE EEC should provide Britain with financial assistance if this would help prevent the U.K. from introducing import restrictions, the Danish EEC Minister, Mr. Ivar Noergaard, said here today.

He told a briefing for foreign journalists that member countries should avoid introducing trade restrictions and that the EEC should therefore be prepared to provide financial help. "We would be very positive towards the EEC granting a British request for help if such a request were made," he said.

The Minister welcomed the result of the British referendum, stressing the affinity of views on time on the development of the EEC between Denmark and Britain. "It will strengthen the pragmatic approach which we in Denmark have promoted. We should not be wasting too much time on contemplated visions of the future," he said.

Both countries wanted to protect the sovereignty of their national parliaments. "We do not see the need to let the words 'European Union' signify federalist solutions," he said. European union should be furthered by developing the process of consultation and not by introducing new institutions. He said that Denmark wanted to see the EEC concentrate on central problems, such as energy policy and monetary policy, and shelve detailed harmonisation plans, which only created an enormous bureaucracy and irritation in member countries.

He looked forward to participation by the British Labour Party in EEC organisations and in the European Parliament and hoped that Labour would join the Democratic Socialists in the European Parliament, where he expected they would strengthen the views held by the Danish Social Democrats as opposed to the Continental Democratic Socialists.

## Italian businessman kidnapped

BY ANTHONY ROBINSON

ROME, June 10.

TWO ARMED men disguised as Carabinieri today kidnapped Sig. Amedeo Ortolani, the 36-year-old Italian businessman who three months ago took over the Voxson radio and tape recorder subsidiary of the ENI group.

Sig. Ortolani took over Voxson following desperate efforts by ENI to rid itself of its heavily loss making Italian subsidiary. He was able to provide credible guarantees for the 2,000 strong labour force at Voxson's Rome factory and has set in train a ten year research and development programme which has received wide consensus of approval from the local unions.

Under these circumstances, the Voxson shop stewards committee today issued a statement condemning the kidnapping as "another attempt to create an atmosphere of chaos, fear and disorder in the run-up to the regional elections." They also expressed fears that Sig. Ortolani may be forced to sell Voxson in order to raise the cash to pay any eventual ransom.

Sig. Ortolani's kidnap is the latest in a long series. Last week

the Gancia alcoholic and soft drinks heir Sig. Vittorio Gancia was kidnapped near his castle Italy six weeks ago under mysterious circumstances which have deepened suspicion here that the pre-electoral rash of kidnapping, a bombing and other terrorist acts are part of that "strategy of tension" which has afflicted Italy since the spring of 1968.

## Malta move on violence

BY GODFREY GRIMA

VALLETTA, June 10.

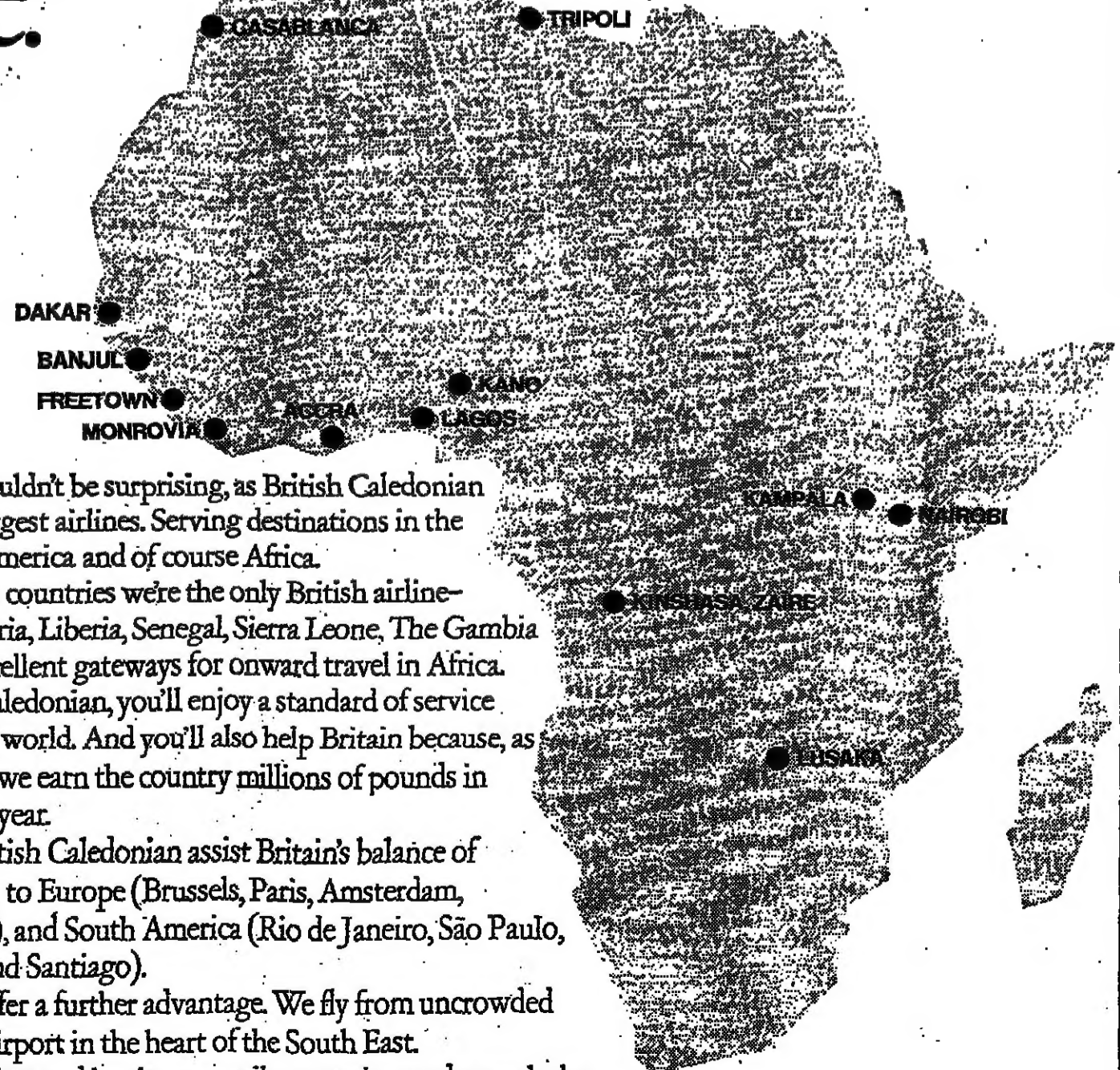
ACCORD was hammered last night between Malta Premier Dom Mintoff and Opposition leader George Bor, Olivier to stamp out violence at political rallies. The agreement follows last Sunday's disturbances at a Nationalist Party meeting where ten people were injured by flying stones and bottles and the party's club at Kalkara was ransacked by supporters of Mr. Mintoff's ruling Malta Labour Party.

Mr. Mintoff later told Parliament: "Both sides of the House condemn violence. Both parties are in favour of true democracy and there can be no democracy without political activity. To restore the healthy political climate which prevailed until recently both sides have agreed to take certain internal steps."

have the issue thrashed out in public debate, but a request was made to the Prime Minister for a private discussion.

At a three-hour meeting delegates from both parties agreed to "take internal measures" to curtail violence. Mr. Mintoff later told Parliament: "Both sides of the House condemn violence. Both parties are in favour of true democracy and there can be no democracy without political activity. To restore the healthy political climate which prevailed until recently both sides have agreed to take certain internal steps."

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## DECLARATION OF ORDINARY DIVIDENDS MINING COMPANIES

DIVIDENDS HAVE BEEN DECLARED payable to holders of ordinary shares registered in the books of the undermentioned companies at the close of business on 27th June 1975.

The dividends are declared in the currency of the Republic of South Africa. PAYMENTS from London (in the case of companies which have London Secretaries) will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 30th June 1975.

WARRANTS in payment of the dividends will be posted on or about 5th August 1975.

THE TRANSFER BOOKS AND REGISTERS OF MEMBERS of the companies will be closed from 28th June to 4th July 1975, both days inclusive.

The dividends are payable SUBJECT TO CONDITIONS which may be inspected at the registered office or office of the London Secretaries of the companies. All companies mentioned are incorporated in the Republic of South Africa.

## INTERIM DIVIDENDS — YEAR ENDING 31ST DECEMBER 1973

| NAME OF COMPANY   | Class of share | Dividend number | Amount per share in South African currency cents |
|---|----------------|-----------------|--|
| Associated Manganese Mines of South Africa Limited, The | Ordinary       | 72              | 28   |
| Consolidated Murchison Limited                          | Ordinary       | 81              | 28   |

## FINAL DIVIDENDS — YEAR ENDING 30TH JUNE 1975

| NAME OF COMPANY                              | Class of share | Dividend number | Amount per share | Remarks                                 | Estimated profit after taxation 1974 comparative figures in brackets | NOTE | Dividends declared during past 12 months |
|--|----------------|-----------------|------------------|---|--|------|--|
| Eastern Transvaal Consolidated Mines Limited | Ordinary       | 58              | 20               | Final, making 22 cents for the year.    | 1 729 000 (1 945 000)  |      | 1 070 000                                |
| Marblefontein Gold Mining Company Limited    | Ordinary       | 39              | 130              | Final, making 145 cents for the year.   | 32 897 000 (39 515 000)  | 1    | 24 000 000                               |
| Zandpan Gold Mining Company Limited          | Ordinary       | 6               | 21.5             | Final, making 25.75 cents for the year. | 4 675 000 (4 917 000)  | 2    | 4 453 000                                |

NOTES:  
1. After State's share of profit.  
2. For eighteen months ended 30th June 1974.

By Order of the Boards  
ANGLO-TRANVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

London Secretaries:  
295 Regent Street  
London W1R 8ST  
10th June 1975

Secretaries  
per: E. G. D. GORDON  
Registered Office:  
Anglovaal House  
56 Main Street  
Johannesburg



## OVERSEAS NEWS

## JAPANESE FOREIGN POLICY

## Tokyo and the dominoes

BY CHARLES SMITH, FAR EAST EDITOR

JAPANESE Foreign Ministry statements on the regional situation remain as opaque as ever after the end of the Indo-China war giving the impression that Japan's principal response to all foreign policy problems is to hope that they will go away. Behind this facade, however, some hard thinking has been going on in Tokyo.

The Japanese know better than anyone else that the next important domino to fall in Asia could be Korea. They also know that Japan itself, because of its enormous dependence on imported raw materials and its minimum spending on defence (0.84 per cent of the GNP), is one of the most vulnerable countries in Asia. The Japanese would be acting out of character if they had not already formed a very shrewd idea of how their cards are stacked in the aftermath of Vietnam.

The first conclusion which the foreign policy makers seem to have arrived at is both simple and negative. Barring a radical change in its domestic political situation, Japan has nowhere else to go but the American alliance. No Japanese Government could re-arm without outraging the majority of the electorate which believes in the sanctity of Japan's anti-war constitution. Similarly no Government could resort to undefended neutrality (the doctrine of the Japan Socialist Party) without losing the confidence of the business community on whose support every Japanese Prime Minister has depended since the war.

The American alliance has one other important advantage: it enables Japan to be benevolently neutral in the Sino-Soviet dispute. Instead of the nation being capable of drastically shifting the East Asian power balance in one direction or the other, but the U.S.-Japanese alliance suits everyone (except, presumably, the North Koreans) it has

one potentially fatal weakness. The Japanese have no real idea of what the Americans would actually do, if the peace were disturbed in North-East Asia. They also have the uncomfortable feeling that President Ford does not know either.

The Americans still have 39,000 troops in Korea (whose nearest point to Japan is about

Japan's Self-Defence Agency, has requested talks with the U.S. Defence Secretary, Mr. James Schlesinger, in which the latter would be asked to spell out precisely what the U.S. would do (including the use of its Japanese bases) in the event of war in North East Asia. Japan has also shown its awareness of how much it needs the American

exports to North Korea more than doubled in 1974 and consist primarily of complete industrial plant.

The three-cornered North Asian power balance provides what is probably in the long run the most important focus of Japanese foreign policy. Japan has been trying for years to maintain an equal distance between

itself and Russia and China, in the hope that some kind of regional stability might result from prolonged and indecisive

There is a fear that the Russians might conceivably take such a course if they felt that the other powers in the region were gangling up against them. Since Russian arms and money would almost certainly count for more than anything China could offer (with the possible exception of men) in any new Korean conflict, the Japanese Government has been trying hard not to upset Moscow in its recent conduct of the three-cornered relationship, even to the extent of causing itself considerable domestic

embarrassment. Mr. Takeo Miki was particularly anxious to complete negotiations on the proposed Sino-Japanese Treaty of Peace and Friendship in time for ratification during the current session of the Diet (ending early in July), since that would have

At the same time, in a number of rather nagging ways, the Japanese have been showing themselves rather ill disposed to North Korea. For instance, there will be no more export guarantee insurance for the time being for Japanese companies selling to the North (although the foreign ministry says this is strictly a business decision). That could be a matter quite a lot since Japanese

that worries Japan in the aftermath of Vietnam. The other fear is that the changing power balance in South-East Asia (not the Indo-China situation itself, but its possible sequel) might endanger Japan's access to raw materials, including oil, from Indonesia, and to a lesser extent from Malaysia and the Philippines. But the importance of South-East Asia as a source of supply is less than its significance as a strategic point on the tanker route to Japan from the Middle East. Japan knows it would suffer very seriously if not only the Malacca Straits between Indonesia and Malaysia, but also the various sea routes through Indonesia itself were closed. Its main priority in South-East Asia is, therefore, not so much to get on to good terms with the new Communist powers in Indo-China, as to keep the offshore states both stable and friendly.

The achievement of this aim (as Mr. Kakuei Tanaka's visit to Jakarta demonstrated so painfully early last year) is partly a matter of making the right noises about South-East Asian nationalism and playing down the "economic animal" image. To a much greater extent, however, it is a matter of paying (through investment, aid, and trade, and possibly ultimately through actual tolls to the Governments of coastal states) for the favours which Japan knows it needs from the region.

Japan is ready to buy the facilities it needs in South-East Asia as well as to adopt a suitably progressive position on issues of interest to the region. It is clever enough to keep on reasonable terms with Russia and China and its importance to the U.S. is enough to deter Washington from willingly embarking on any course which might endanger Japanese security. In the last resort however Japan will remain a spectator, and a possible victim of Asian events rather than a protagonist. It cannot become the latter until the Japanese public stops believing that a distinction can be drawn between economic and military power.

## Japanese GNP falls for first time in 30 years

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, June 10.

JAPAN'S gross national product fell by 0.7 per cent in the first quarter of 1975 according to figures released today by the Economic Planning Agency (EPA).

The agency also announced that for the whole of fiscal 1974 (the 12 months ending last March) the GNP recorded a 0.6 per cent decline. The decline is the first to be registered by the Japanese economy since the end of the Second World War, but the figure of 0.6 per cent is substantially less than earlier estimates published by the Government.

The significant point about today's figures is the revelation that the economy plunged very steeply (by 0.7 per cent in the first quarter) just before it touched bottom in April. Evidence is now piling up to support the government's view that there has been a turnaround and that there will be a gradual recovery during the remainder of 1975. But there is growing doubt as to whether the official target of a 4.3 per cent growth rate for

the current fiscal year can be met.

An EPA spokesman said today that the government was not planning to revise the growth target just now, but would be more likely to scale the target down rather than up if revision eventually became necessary.

Japanese officials acknowledge that they are criticising the fairly regular economic gatherings for the Japanese economy since the end of the Second World War, but the country's economy quickly enough and the huge surplus the country is running in its trade with non-oil producing countries.

A third round of measures to stimulate the Japanese economy is, however, due to be announced next Monday with the emphasis on public expenditure and particularly on loans for State-

framed housing construction. Public spending remains the director of the Japanese economy at present, since private consumption is falling and exports are dropping back to levels only slightly higher than a year ago.

Pursuing another line defence on the recession issue the director of the EPA's research bureau, Mr. Isamu Miyazaki, pointed out today that Japan cannot help running a massive trade surplus with non-oil producing countries if it is to finance its deficit with the rest of the world. In fiscal year 1974 when the trade balance was in surplus by the modest figure of \$1.4bn, Japan had a non-oil trading surplus of \$14.6bn, Mr. Miyazaki said, as against a deficit with the oil exporting nations of \$12.2bn.

Mr. Miyazaki said the overall trade surplus this year would be between \$38bn and \$10bn. He declined to speculate on the amount of the surplus with non-oil producing countries.

## South Africa-Nato 'ties' row

BY DAVID BUCHAN

A NATO spokesman in Brussels said yesterday that a West German company was perfectly entitled to pass on to South Africa details of the alliance's equipment codification procedures.

He was commenting on allegations also made yesterday by the honorary secretary of the British Anti-Apartheid Movement, Mr. Advocate, that military ties between South Africa and the West were "growing".

Mr. Advocate produced a letter apparently showing that the German company, ASG-Telefunken, has passed on to South Africa details of NATO equipment codification procedures in connection with Project Advokat, a new large telecommunications centre at Silvermine, near the Simonstown naval base, designed to track air and naval traffic over a wide area in the South Atlantic and the Indian Ocean.

Mr. Advocate also produced photographs of documents which he said showed that lists of spare parts had been prepared in various

NATO countries (including Britain) translated into NATO code, then sent to Pretoria.

Mr. Advocate also said that Dr. A. G. Engelster, of the National Electrical Engineering Institute of South Africa, had visited Britain last October, probably in connection with the Project Advokat, Mr. Advocate thought, and had visited the electronics companies of Marconi and Plessey, had gone to France to talk to Thomson CSF and then on to West Germany. Mr. Advocate said that his evidence went a long way to explain the veto of France, Britain and the United States against a mandate against South Africa, has presented his allegations to the UN Special Committee against Apartheid for investigation.

But the Nato spokesman said that Project Advokat is "a private industrial development

by a German company and has no connection with Nato at all. As for the codification system, which assigns common stock numbers to pieces of equipment for quick purchase, it is "open and unclassified" and is used by a number of non-Nato countries.

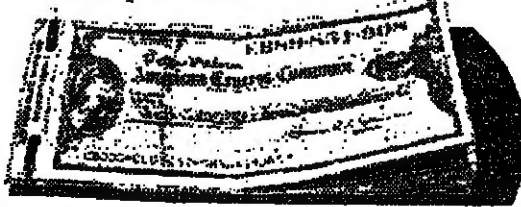
Nevertheless, these revelations, although they do not uncover the sale of actual weapons—may yet embarrass the British Labour Government, which again pledged at the Commonwealth prime ministers conference at Kingston last month "strict military reticence" of South Africa.

The international committee of the Labour Party decided yesterday to send a four-man delegation headed by the former party Chairman, Mr. Ian Mikardo, to discuss with the Foreign Secretary the claim that NATO equipment is being supplied to South Africa. Many Labour MPs have reacted angrily to the reports.

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American Express Travellers Cheques. Don't leave home without them.

## Border move may hit Malawi imports

By Tony Hawkins

SALISBURY, June 10. THE EXPECTED closure of the border between Rhodesia and Mozambique by the new Frelimo Government when it takes over on June 25 could affect about one-third of Malawi's imports. Last year, South Africa supplied 31 per cent of Malawi's imports (being slightly ahead of the U.K. as the main supplier) and Rhodesia just over 13 per cent.

The bulk of Malawi's imports from these two countries travel by rail through Rhodesia to Dondo in Mozambique before being re-routed northwards to Malawi. While it is possible that Mozambique will not interfere with transit traffic to and from Rhodesia—for such countries as Malawi, Zaire, South Africa and Botswana—this seems unlikely.

Malawian importers are believed to have been told recently by President Banda to obtain new sources of supply other than Rhodesia and South Africa.

Some South African exports to Malawi could conceivably be re-routed by sea and rail either to Beira or Nacala, but it seems probable that Rhodesia will lose export markets worth some \$18.13m. last year.

The impact on Rhodesia could be severe, given its tight balance of payments situation. In 1972 (the most recent year for which figures are available) Malawi bought 31 per cent of Rhodesia's exports.

Rhodesian businessmen do not expect any sympathy from Mozambique for Malawi following President-elect Samora Machel's bitter attack on President Banda last week. President Machel accused the Malawian Government of hindering Mozambique's liberation.

## Arab-EEC pact likely despite Israel link

CAIRO, June 10.

THE ARAB world and the European Common Market today began talks on closer political and economic ties in a move which could lead to a recent EEC trade agreement with Israel.

The head of the Arab delegation said in an opening statement that the Common Market, in signing the agreement with Israel, had given up a means of putting pressure on the Israelis to abandon their occupation of Arab lands.

But despite the ill-feeling in the Arab world at the Common Market decision to give more favourable trade terms to Israel, the Arab-EEC dialogue began amid high hopes on both sides that it would bring economic benefits and enhance political understanding.

The head of the Arab delegation, Jordanian diplomat Nym bin Deif, while criticising the recent EEC agreement with Israel, said the Arabs were interested in establishing special ties with the Common Market.

The head of the European delegation, Mr. Eamonn Gallagher, said the dialogue stemmed from a political will on both sides to create a new and special relationship.

The nine Common Market countries, major victims of the 1973 Arab oil embargo, are seeking to ensure long-term oil supplies and insulate themselves from any possible future use by the Arabs of oil as a political weapon.

Reuters

## Fahd in Baghdad talks

BY HUSAN HIJAZI

BEIRUT, June 10.

GULF security is one of the main subjects to be discussed by Saudi Crown Prince Fahd during his current visit to Baghdad, according to informed circles here.

The prince arrived there today on the first official visit by a high-ranking member of the Saudi royal family to Iraq since the present Baathist regime came to power seven years ago. The visit has been possible because of policy changes by both the Iraqi and Saudi regimes. The Iraqis have embarked on a moderate and open doors stance regarding the Gulf states which culminated in the Iraq-Iranian agreement last March to solve their border differences.

Saudi Arabia, under King Khalid, has taken on a role of square closer co-operation with mediation to settle inter-Arab conflicts. The first Saudi success was in April when King Khalid brought Syrian President Assad and Egyptian President Sadat together in Riyadh.

The Saudi government also mediated in the conflict between Iraq and Syria regarding the sharing of waters of the Euphrates river. Now, Crown Prince Fahd is expected to use his good offices to end the border conflict between Iraq and Kuwait.

Louis Fares reports from Amman: Syrian President Hafez Assad arrived here today with a delegation including his Defence Minister. Assad is the first Syrian President to visit Jordan since about 20 years.

Assad, an active advocate of Arab solidarity since the October 1973 war, believes in reactivating the long Jordanian front with Israel. King Hussein responded recently to the appeal during a short visit to Damascus.

But observers do not see yet how President Assad will manage to square closer co-operation with mediation to settle inter-Arab conflicts. The first Saudi success was in April when King Khalid brought Syrian President Assad and Egyptian President Sadat together in Riyadh.

## Romania and India to seek Libyan oil

By D. P. Kumar

NEW DELHI, June 10. INDIA and Romania have agreed to collaborate to exploring oil in Libya. The agreement was reached after talks between India's petroleum and chemicals minister, Mr. K. D. Malaviya, and visiting Romanian deputy foreign minister, Cornel Pascatie.

Under an agreement reached earlier with Libya, India is to explore for crude and build "downstream" petrochemical units in that country. During the recent visit of the Libyan oil minister, Mr. Mahamud here, he had welcomed the idea of India collaborating with a third country to undertake the exploration. An Indian team of experts has already visited Libya and inspected a 13,000 square mile tract.



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Donations and information: Major The Earl of Ancaster, KVO, TD, Midland Bank Limited, 50 West Smithfield, London EC2A 9JY.

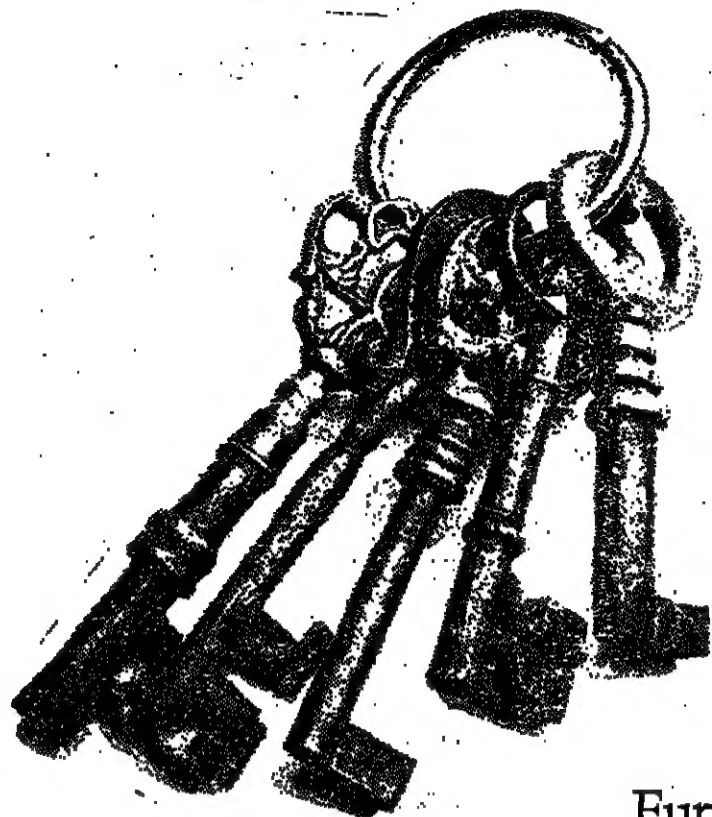
British Limbless Ex-Service Men's Association

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And along these time-shrinking motorways you have direct access to every major market in Britain.



## Sea you soon.

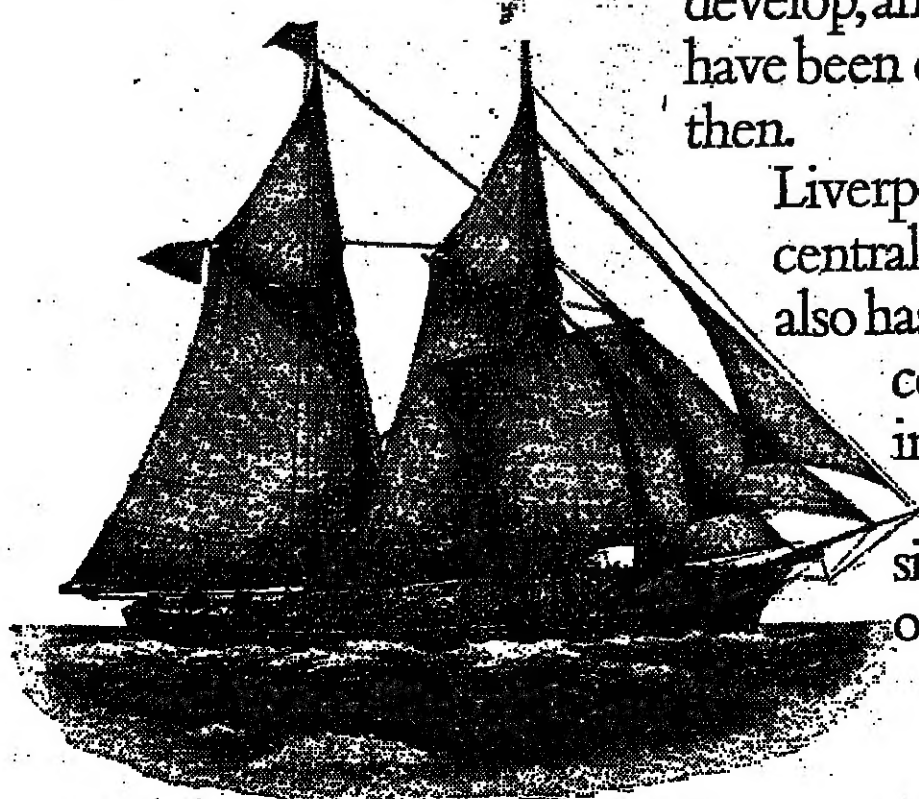
You won't exactly be in the doldrums if you import or export by sea either.

Within the area is the port of Preston, operating a roll-on/roll-off service, and with its own links to the national rail system.

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|--------------------|----------------------------|----------|
| Depart Manchester  | Destination                | Arrive   |
| 01.58hrs           | Stratford                  | 06.57hrs |
| 20.38hrs           | Wilsden                    | 00.10hrs |
| 08.28hrs           | Tilbury (for London Docks) | 10.43hrs |
| 04.02hrs           | Southampton                | 11.36hrs |
| 11.30hrs           | Holyhead                   | 16.07hrs |
| 18.43hrs           | Cardiff/Swansea            | 23.20hrs |
| 19.35hrs           | Harwich/Felixstowe         | 03.05hrs |
| 21.08hrs           | Bristol                    | 06.20hrs |

If you have a business meeting in London or Glasgow, it won't take all day to get there. With the electrification of the through-line in 1974, journey times have been cut by nearly a third.

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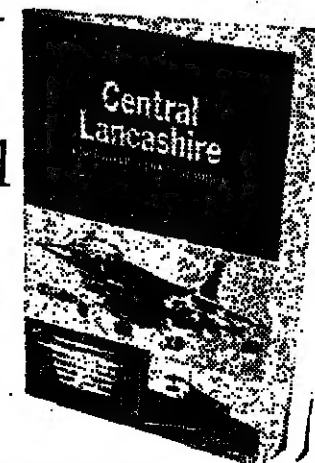
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## HOME NEWS

## Foreign cars take smaller share of fewer sales

BY MICHAEL CASSELL

NEW CAR sales last month were the lowest for any May since 1970. They were, however, marginally better than in the previous month and sales by foreign car manufacturers fell substantially from the record figure achieved in April.

According to the Society of Motor Manufacturers and Traders, total sales in May reached 102,266 compared with 96,235 in April. The figure does, however, represent a drop of 8.25 per cent on the May, 1974 total of 112,718.

Unimported vehicles accounted for 34,576 sales in May, or just under 34 per cent of the total market, compared with the record 38 per cent (36,898 units) recorded in April and 26 per cent (29,433 units) in May, 1974.

British Leyland's share of the market fell from just under 29 per cent in April to 26.5 per cent. A year earlier, it was nearly 32 per cent. The Mini stood fourth in the overall U.K. sales league for May, with the Marina and Allegro fifth and sixth. The new 18/22 series came ninth.

Ford raised its market penetration, however, from a little over 18 per cent in April to just beyond 20 per cent, although it stood at over 25 per cent a year before. The company's Escort was, nevertheless, the best-selling model in May, with the Cortina coming second.

Vauxhall had a good month, with its share of total sales rising from just under 6.5 per cent in

April to more than 11 per cent last month, largely because of its success in selling the new Chevette. The Viva was the third highest-selling car during the month. In May, 1974, the company's total share of the U.K. market stood at 6.6 per cent.

Chrysler, though bottom in the sales league among British car manufacturers, managed to increase its market share from just over 7 per cent in April to above 8 per cent in May, although it stood at about 9.5 per cent a year before. Its best-selling model was the Avenger, in 7th place.

Datsun reclaimed the position as top selling overseas manufacturer from Renault, although its market share fell from 5.9 per cent in April to 5.7 per cent in May. According to the SMMT, Japanese car manufacturers have increased their share of the U.K. market by 73 per cent in the first five months of this year to just over 9 per cent of all sales, when compared with the same period a year before.

Renault's share fell back from 6.5 per cent in April to only 3.8 per cent last month. Total imports from EEC countries in the first five months have boosted their overall slice of the market by around 14 per cent to take 19.25 per cent of all sales.

The SMMT says that car sales between January and the end of May reached 552,692, only 0.28 per cent below the same level recorded in the corresponding

period of 1974. The import share, however, rose from 25.2 per cent to 32.8 per cent.

Other figures from the SMMT issued yesterday show that car production by U.K. manufacturers in April reached 106,155 units against 115,328 units in the same month a year earlier. In the first four months of 1975, car output totalled 488,462 units against 503,248 in January-April, 1974. Commercial vehicle production in April reached 31,283 units, marginally below the April 1974 total. Commercial output in the first four months of this year was an estimated 130,494 units against 121,280 units in January-April last year.

## Easter boost to tourist traffic

Some 342,000 foreigners came to the U.K. in March, a rise of 40 per cent on the same month of 1974. The figure, although encouraging, has been artificially boosted by an earlier Easter—March this year, in April in 1974. During the first three months the total number of arrivals from EEC countries was up by 30 per cent, and from the U.S. (less affected by Easter variations) down by 1 per cent.

Seasonally adjusted, the figures (which exclude Commonwealth and Irish Republic arrivals) confirm an overall upward trend in recent figures.

## Consumer chairman to join NEDC

BY SANDY McLAHLAN

MR. MICHAEL YOUNG, chairman of the National Consumer Council, yesterday announced that he had accepted an invitation to join the National Economic Development Council as an independent member. At the same time, Mr. Young gave details of a three-point plan to hold down prices which he will put forward at future Nedd meetings.

Describing this as "the overriding interest of consumers", Mr. Young said he estimated the cost of freezing the price of essential items covering around a third of the household budget would be £2.25bn. next year. To raise this sum, he is suggesting that the 54 per cent. National Insurance contribution levied on all incomes above a certain level should be doubled.

The third part of Mr. Young's plan calls for a legally enforced period of wage restraint, and he made it clear yesterday that in his view this three-pronged attack on the problem could only be made to work in the medium to long term.

"This is not a plan which can last a year or so, then be swept aside," he said. "It must last until we have overcome inflation. Four years at least will be needed until the general standard of living can rise again." Mr. Young suggests operating contributions because, he says, this is the only form of Government revenue which can be adjusted quickly enough to deal with the problem before it is too late. He suggests the national insurance ceiling on incomes should be raised so that "the better-off pay their fair share, along with everybody. The very low paid would be free from this burden, and those who fell sick or unemployed and drew their benefits would also be exempt."

## STUDENT SCHEME BY BARCLAYS

Barclays Bank is introducing a special student cash card for full-time students in further education from August 1. It can be obtained over the counter from branches where students maintain accounts enabling them to cash cheques of up to £10 a day at any of the bank's 3,070 branches. Barclays offers free banking to students, and waives commission on overdrafts up to £50. These and other services are described in Barclays' revised booklet "A Student's Guide to Banking."

## Benn sees new management-worker power balance

BY OUR LABOUR REPORTER

THE DISCLOSURE of information provisions of the Government's Industry Bill are designed to create a new industrial consensus, Mr. Anthony Wedgwood Benn, Industry Secretary, claimed yesterday. In a speech warning of a "wind of change" which would ultimately blow away the current balance of power between management and workers.

Mr. Wedgwood Benn told an Industrial Society conference in London that the Industry Bill was based on a philosophy of "enlightenment". The powers offered by the legislation to force employers to give information to unions were hedged about with safeguards but were clearly intended to produce "a transfer of information on a much greater scale."

"There is a wind of change," he added. "I am no more than anything would be changed."

The Industry Secretary gave his audience of about 80 personnel managers his analysis of the breakdown of the "old consensus" in British industry. This was having a clear impact on the "credibility and authority of management" and all the evidence of the past 10 years confirmed his view that there was no future "for a society in which power is kept centralised and secret."

"There is a wind of change," he added. "I am no more than anything would be changed."

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## Disclosure 'will aid competitors'

BY MICHAEL BLANDEN

BRITISH COMPANIES could be at a disadvantage in relation to foreign competitors as a result of the controversial disclosure provisions of the Industry Bill, accountants argue.

A memorandum by the consultative committee of accountancy bodies, representing the leading six accountancy bodies, is strongly critical of the lack of definition of the powers proposed for the Minister to disclose information and the danger of leakage of vital commercial knowledge.

The memorandum argues that "the tendency for unrestricted information to be obtained and extracted by or for other Government departments appears to us to be undesirable, particularly because if such information were used outside its proper context the result might be misleading or misconstrued."

It urges strongly "the curtailment of requirements to publish details or forecasts of future events, and the removal of potential liability for penalties relating to information about the future events."

The Bill suggests, the limitations relating to the circumstances in which information may be withheld from trade unions by the Minister and the appeal procedures "available are inadequate."

More protection is needed, it concludes, for those providing the information both by way of greater penalties for its misuse and specific indemnification of directors required to publish information which results in damage to the concern."

## Policy of EEC 'to cooperate with developing nations'

FINANCIAL TIMES REPORTER

THE EUROPEAN Community is ready to embark on a deliberate policy of co-operation with developing nations, Mr. Gwyn Morgan, Chief of Cabinet to Mr. George Thomson, EEC Commissioner, says today.

"Europe has a vested interest in orderly economic and trading relationships with the less developed world," Mr. Morgan says, "and nowhere has this emerged more clearly than in the differing approaches of the Community and of the U.S. towards relationships with oil producing countries."

Writing in a paper published today in London by the Foundation for Business Responsibility, Mr. Morgan points out that the EEC's reaction to the oil crisis was "to sit round the table together with the oil producers"

while the U.S. inclination was "to line up the developed industrial countries in confrontation with the oil producers."

Mr. Morgan says the days of the EEC as a "tight little club pursuing its own self-interest" are over. He explains the earlier situation as one in which the Community had to get its own house in order before adopting a more outward-looking position.

Mr. Morgan says the Community's recognition with the U.K. "was as good a sign as any that the other member States saw Britain's membership of the Community as their responsibility, and not just Britain's."

As an example of the EEC's more practical approach to things, Mr. Morgan cites the fact that the rigid approach to

monetary union has been discarded. The move towards monetary union will now be pragmatic "and within the limits of what is practically and politically possible."

"European Approaches to Responsibility," Foundation for Business Responsibility, 1975.

Mr. Morgan, Chief of Cabinet to Mr. George Thomson, Commissioner of the European Communities.

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## Wilson resists Tory 'promptings' to change his European script

BY PHILIP RAWSTORNE

**By Richard Evans,  
Lobby Correspondent**

## Doctors—and their duty to U.K.: Minister

## European State industries to discuss Government relations

**FINANCIAL TIMES REPORTER**

The question of relations between Britain's state-owned industries and the Government was taken to a head with the confrontation between Mr. Anthony Wedgwood Benn, the Industry Secretary, and Sir Monty Finniss, chairman of the British Shiprepairers Association, last Wednesday. Sir Monty said that his organisation employed over 20,000 jobs within the ship repair industry.

The Prime Minister has agreed to meet a delegation representing the heads of the nationalised industries, but the role of the unions will be fixed.

Sir Derek said yesterday that the "resounding referendum vote of the British people" had lent an added significance to the Government's position.

Through CEEP, the public sector has long had a voice within Community councils as the organisation was consulted on policy proposals together with the unions, trade unions and the private industry.

Membership of the EEC had extended the "area of manoeuvre"

Many young people would be deaf by the age of 35 because of the cacophony of sound from cassette tapes and indoor pop music," Lord Clifford of Chulmsleigh said in the Lords yesterday.

Many of his generation had a form of deafness "because of things which were too close to the ear," he said.

Lord Legal (Lord Basset of Blyth) had asked the Government whether the Government were operating in the United Kingdom.

Government spokesman Lord Wells-Pestell said a precise answer could not be given.

a new life and vitality and encourage new investment.

Lord Strathclyde (C.), said that the Government had been talking about the large fishery shipsyards with all our boats were to be taken over under the terms of the Industry Bill.

"These two firms, alone, are doing well and I really am frightened about what will happen to the country when we come here with further State intervention in industry."

The Minister of State, Scottish Office, Lord Hughes, replied that similar powers to those proposed by the Government had been effectively used by the Highlands and Islands Development Board.

The Bill would be emasculated by the amendment and it would be his duty to move a motion to restore the Bill to its unamended form, said Lord Hughes.

"This part of the Bill is fundamental and wanted not only by Labour MPs but by those who knew that much needs to be done along this line if Scotland was to have a viable industrial structure."

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# Company

For the Government, Mr. Michael Meacher, Under-Secretary for Industry, reaffirmed that an appeal is held before the Central Arbitration Committee (CAC) the unions would be given a general outline of the information in question. But Mr. Heseltine objected that at the union might then take the matter to a court of law where the information would be made public and there would be question of maintaining confidentiality. Mr. Meacher agreed that in

## secrets at risk

Mr. John Stanley (R-Mo.) and Mr. John M. Malling (D-Mo.) were the only conservative attack, saying that the bill was unacceptable as a tariff method of protection.

... or ... result" and consign a fair number of ex-anti-Markettraders to the European Parliament.

It was the only reasonable advice he had heard all afternoon, Mr. Wilson assented.

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Mr. Stanley argued that th  
was a need for a fairly indepen  
dent appeals body operated  
part of the judiciary instead  
the proposed procedure wh  
was merely an extension of  
executive.

## BY JOHN HUNT

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## Raleigh Industries pedals back to full-time work

BY PETER CARTWRIGHT

The downturn in America was seen last September and general dispositions were made to meet this shortfall. A new range of Carlton machines is about to be launched on the U.K. market, where demand is currently running at the 1959 record level of around 1m. units annually. Efforts are also being intensified to improve exports to key markets in West Africa and elsewhere.

In spite of the short-time at Milton, Raleigh has not been anything like as hard by the S. recession as some of its continental competitors," a TI spokesman said. "They do not see our wide availability of world markets."


More than 130 workers are to be their jobs when a Suffolk mushroom farm closes down next month. Employees of the Wiley Farm Mushroom Company at Stradbroke, have been told that the plant will continue to operate on a maintenance basis in the hope that an upsurge in the economy will make it viable at a later date.

...in their meantime, the company will concentrate production at its plant in Stanton, in West Suffolk. Falling orders throughout the world for printing presses have


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employs almost 2,000

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Candidates, ideally in their mid to late 30's, must have at least 5 years' broad experience at a comparable level in women's fashions; this should have been gained in multiple retail or mail order.

Salary is negotiable about £12,000, car, pension, generous fringe benefits. Location Geelong.

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ACA. Aged 27. Auditor. Underwriting of German £5,000.  
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MBA. Aged 35. Personal Manager. Non Engineering £7,500.  
PMD. BSc. Chem. Eng. Aged 37. Food Development £10,000.  
MBA. Aged 32. Sales Manager/Director. Consumer goods £8,500.  
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ACA. Aged 32. Management Accountant. Engineering £4,200.  
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Without obligation, further details of these and other candidates may be obtained by contacting Blackwell Management Search Limited, 94-96 Baker Street, London W1M 1DL. Tel: 01-935 9998 quoting reference PC all enquiries will be handled in strict confidence.

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Stock Exchange Institutional Equity Member Dealer seeks responsible position as salaried Partner or Personal Assistant for 2-5 years. Write Box A.5088, Financial Times, 10, Cannon Street, EC4A 4BY.

YOUNG MAN, 26, ex-Managing Director of a large manufacturing company, now available for a new challenge in the U.K. to use his drive, enthusiasm and special skills in a new environment. Write Box A.5088, Financial Times, 10, Cannon Street, EC4A 4BY.

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PAYMENT OF DIVIDEND NO. 72  
The following notice is hereby given:—  
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## LABOUR NEWS

Walk-out  
by 4,000  
ICI  
workers

By Our Labour Staff

FOUR THOUSAND Imperial Chemical Industries workers walked out on indefinite strike yesterday after rejecting the company's 25 per cent pay offer for all 57,800 of its manual workers in Britain.

The walk-out was decided at mass meetings of craftsmen from the Wilton and Billingham chemical complexes on Teesside. They decided to fight for a 51.6 per cent increase instead of the 25 per cent offered and demanded union-linked cost of living protection.

Further indication of ICI manual workers' reactions to the offer will come tomorrow when another 5,000 Wilton workers, members of the Transport and General Workers Union, hold a mass meeting. The offer carries no recommendations about fringe benefits.

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Union militancy attacked  
by oil drilling company

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

A LEADING American oil drilling company operating in the North Sea claimed yesterday that trade unions were "trying to destroy the offshore drilling business" by militant action in support of their demand for recognition and negotiating rights.

The accusation was made by Mr. Dan Jeffus, operations manager of ODECO, of New Orleans, who has been allowed to visit for recruiting purposes.

Mr. Jeffus said that the company had been elected as the union representative on the Odeco rig Ocean Victory, one of four rigs—the others belong to BP, Shell, and Esso—which were to be used to recruit members in the offshore drilling contracting business and little recognition had been effective also in Scandinavia and North European supply bases.

Mr. Jeffus says that the boycott has had a very limited effect. He said that the company would have had to pay a little more than the union's offer, but he was not prepared to do any more. He said that the company would have had to pay a little more than the union's offer, but he was not prepared to do any more.

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## IN BRIEF

## Solidarity

The Amalgamated Union of Engineering Workers executive decided yesterday to let its 5,500 members in rail work vote not to do work normally carried out by members of the National Union of Railwaymen should there be a rail strike.

Arbitration  
Arbitration hearings on the 24m. claim for a restoration of percentage pay differential for 1m local government manual workers was held yesterday. The tribunal award is expected in about a fortnight.

5,700 laid-off  
Ward and Goldstone, the Solihull-based electrical engineering group, last night laid off 5,700 workers from ten North West factories because of a pay strike involving 400 craftsmen.

Border TV back  
Carlisle-based Border TV resumed transmission yesterday when over 50 technicians ended a five-day strike over payment during the period they were locked out two weeks ago.

Visit to Russia  
A delegation of five women trade unionists is to visit Russia in August as the latest stage in the relationship between the U.K. and USSR trade unions. This follows the controversial visit of the U.K. in April of 1974. The delegation will be led by Mrs. Margaret Thatcher, who was then the head of the Russian trade union organisation, the AUCU, but who has now moved to another Government post.

Back to work  
The port of Manchester, disrupted by 24 lightning strikes over the past two months, will have a normal 10-day following acceptance by the port's 800 dockers of an extra £7.35 a week in two stages payable now and in six months.

Work-to-rule  
More than 2,000 boilermakers in the Tyne shipbuilding yards of Swan Hunter voted yesterday for an immediate overtime ban and work-to-rule in support of a "substantial" pay rise.

Shop stewards at Vickers  
The Vickers shop stewards plan a structure with an equal number of management and worker-elected directors on each local Board. Each local Board would elect a worker-director and a management-director to sit on the group Board and each group Board would elect one worker and one management director for the main Board.

Separate  
They suggest there might also be a place on the Board for outside interests like government, trade unions, customers or local community interests. That worker-directors would continue to work in their normal responsibilities. He said the jobs and would report back to different Boards.

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## The Executive's World

EDITED BY JAMES ENSOR

## Hilton owns less, manages more

By MAURICE IRVINE in Los Angeles

HOW FARES that ubiquitous American innkeeper, Hilton Hotels Corp., in these days of shrinking travel markets, inflation, recession and a nagging energy problem? None too brilliantly, but hoteliers must conquer difficulties, not find excuses, and "young" Barron Hilton, the 47-year-old president, who succeeded his colourful father Conrad in 1966, is making strenuous efforts to improve the Los Angeles-based company's health.

The major chains—so bullish in recent years—have suffered disappointing occupancy rates (2 per cent. off last year, probably another 4 per cent. this), and Hilton, like all the rest, has had to adjust to the fact that boundless expansion within the great American playground, where everyone had more and more money for travel and fun, is at an end.

Among Hilton's setbacks are a faltering growth rate, as competition grows fiercer from such eager rivals as Holiday Inns, Sheraton, Hyatt, and an unexpected drop last year in its largest and newest source of income, the Las Vegas casino hotel operation. While most of the Nevada gambling mecca enjoyed a boom, Hilton's Vegas earnings were halved and room occupancy fell by 6 per cent. At the same time, heat, light and power costs alone rose by 26 per cent. to more than \$16m. The result has been a 27 per cent. decline in this year's first quarter profits, before a special credit from the sale of a 50 per cent. interest in six of the chain's biggest hotels.

## Splashtiest

The sale, to the Prudential Insurance Co. of America, was the splashiest move yet in Barron Hilton's new strategy, which may be summed up in four words as "own less, manage more." The deal, carried through last March, brought Hilton \$83.3m. for hotels in Los Angeles, San Francisco, Dallas, Washington, and New York state, and should protect the company from the direct effects of falling occupancy rates. Hilton now takes half the profits, plus a fixed 3 per cent. of the gross revenues in management fees. That should add \$2m. to net income in 1975, providing a welcome boost to the chain's profit margin, which fell 1.1 per cent. last year to \$17.2m. on revenues of \$381.5m. Prudential's interest in Hilton has also revived the company's stock—going for 71 in its heyday, but down to a measly 114 last January. Since then it has risen to 23. The Pru's buy restored faith in Hilton's potential. Pru paid about \$30,000 per



Mr. Barron Hilton

room, "double the book value," notes Barron Hilton in his just-released 1974 annual report. However, with real estate experts saying it would cost \$50,000 a room to build them in the current state of the industry, the Pru feels pleased with its purchase.

Hilton used the ready cash to cut \$26m. off its long-term debt (now about \$150m.—in 1971 it was as high as \$216m.), and in April deployed another \$26m. to buy one million shares of the company's stock, giving the family 28.5 per cent. control. "A bargain," says Hilton, "since we bought at \$21, when book value is \$30."

Why had the company's stock sunk so low? An erratic profit record in recent years, say analysts. Innkeeping is a volatile business, and like other chains Hilton has been withdrawing from wholly-owned properties in favour of franchising or running hotels it owns jointly with other investors. Although the Hilton flag flies over 223 hotels around the world to-day, the company actually owns (or leases and operates) only 20 of them, of which the centrepiece is New York's Waldorf-Astoria.

Although the foreign hotels (including two in London, another at Stratford-upon-Avon) still bear the Hilton name, the company's only involvement is the titular presence of Conrad Hilton, as chairman of the group.

Now 87, Conrad is still said to be active as chairman of Hilton Hotels Corp., working with his son out of Beverly Hills headquarters, but these days it is Barron, as president, who does the travelling and the

talking. One of three sons of the "Old Man's" first marriage (this second was to Zsa-Zsa Gabor), Barron Hilton came late to the business after a varied career as a Navy man in World War II, selling orange juice and oil, running an aircraft leasing firm, even managing a professional football team, the San Diego Chargers, for a while. His favourite hobby, gliding, is practised over the family's Nevada ranch.

Like his father, Barron "doesn't believe in too many generals," and the company's organisation chart is not crowded with executive names. It was Barron who developed the franchising operation and the credit card system now known as Carte Blanche. "We plan a substantial increase in management fee revenues and franchising over the next five to ten years," he says, "but we won't be building any new hotels on our own. These days, with big hotel costs running up to \$80,000 a room and financial outlay up 50 per cent. over the last two years, one needs partners to share risks."

## BUSINESS PROBLEMS

## Tax free redundancy pay

BY OUR LEGAL STAFF

My firm is shortly to go into voluntary liquidation and I am to be given a lump sum as at age 60, in addition to redundancy pay. Is it correct that I shall receive the capital sum (tax-free, if it is paid after I have left)?

We confirm that the common procedure in a case such as yours would be for the directors formally to consider the question of making an ex gratia payment to you in addition to the statutory redundancy payment at a meeting after your services have been terminated. If the statutory redundancy payment and the ex gratia payment do not together exceed £5,000, no tax should be payable on the ex gratia payment. The payment may escape tax even if it exceeds this limit, but this depends upon circumstances not mentioned in your inquiry.

As the company is shortly to go into voluntary liquidation, it may be unable to obtain corporation tax relief in respect of the ex gratia payment made to you, but presumably this is not a point with which you are directly concerned.

## Losses following non payment of a call

I am in dispute with my tax inspector over my claim for a loss to be set against gains involving the loss incurred as a result of non-payment of a call on partly-paid shares. He claims that no disposal has taken place and that, since the shares became of negligible value due to my action in not taking up the call option, and not the action of the company issuing the shares, no capital loss can be allowed. He also says "The abandonment of a call" option such as the option you appear to have had to acquire full rights... is not treated as a disposal unless it relates to a quoted option certificate." What do you think this means, please? What is your view of the problem generally? What would it cost me if I appealed?

Your tax inspector seems to have confused unpaid calls on partly-paid shares with unexercised call options and option warrants. It is most unlikely that your dis-

pute will have to be resolved at a formal hearing before the Commissioners, but in that unlikely event you would incur no costs beyond your own out-of-pocket expenses (win or lose). It would probably be best for you to elect for the Special Commissioners when giving notice of appeal, rather than the General Commissioners.

Having refused to pay a further call on partly-paid shares, you have ceased to be a shareholder and have forfeited your interest in the company. You therefore no longer possess an asset which you formerly possessed and a disposal has clearly taken place, for capital gains tax purposes. The inspector has undoubtedly been looking at the wrong sections of the capital gains tax legislation: it is to be hoped that he will realise his mistake if you draw his attention to sections 2(13) and 2(14) of the Finance Act 1965. These sections respectively provide that, "subject to (any contrary) provisions... the occasion of an asset shall for the purposes of (capital gains tax) constitute a disposal of the asset, whether or not any capital sum... is received in respect of the extinction of the asset," and that "shares... comprised in any letter of allotment or similar instrument shall be treated as issued unless the right of the shares... thereby conferred remains provisional until accepted and there has been no acceptance."

You may expedite settlement of the dispute if you tactfully suggest that the inspector seek the guidance of his head office on the Australian law relating to partly-paid shares of No-Liability companies.

## Shares in lieu of cash

Could you tell me what is the new tax position with regard to shares in lieu of a cash dividend, both for recipient and for any advanced corporation tax payable by the company?

In the case of a simple option to take a bonus issue instead of a dividend on quoted shares of a U.K. company, investment income surcharge and higher rate tax (minus the basic rate) will be charged on the aggregate of the dividend forgone plus the appropriate tax credit. However, if the amount of the forgone dividend is "substantially" less than the market value of the bonus issue on the first day of dealing (in the capital gains tax sense), then that market value is grossed up at the basic rate to find the figure to be charged to surcharge, etc.

For capital gains tax purposes, such a bonus issue is in effect treated as though it were a rights issue taken up at a price equal to the forgone dividend (or the market value, if that is the basis of the income tax charge). No ACT is payable by the company on bonus issues caught by these new provisions.

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## GOVERNMENT SPENDING

## The figures are out of date

BY PETER VINTER

SINCE the Plowden-Clarke reforms 15 years ago it has been accepted on all sides that the Government of the day, using a five-year survey (loosely known as PESC—Public Expenditure Survey Committee) covering all public expenditure, reviews its policies against the resources available and then makes up its mind on the volume of expenditure and on the taxation needed to fund it. Anyone who compares the old jumble of Estimates with the rationally organised programmes used in expenditure White Papers can have little doubt about the improvement.

Yet doubts are creeping in about the way the PESC machinery has become apparent. Briefly, at any point in time, there is little or no really up-to-date comprehensive management information, consistent with the White Papers, which shows whether the trend of individual programmes and sub-programmes is on or off the intended course. The lack must have contributed to some of the current difficulties in the discussions at the Committee and in the explanation of the PESC mechanics used in the White Papers given in the apparently little known but invaluable "Public Expenditure White Papers: Handbook on Methodology," the emphasis is on changes from one year to another and there is barely a reference to changes within the year. It is a vital difference, for the absence of unambiguous up-to-date signals makes action more difficult and later than it need be. The experience of some major industrial enterprises points the way to a remedy.

The original purpose of the Plowden annual surveys looking at only the first and fifth years of the five year period ahead, constant prices on a year to year basis were a useful innovation and sufficient for the immediate purpose. But once these surveys were turned down into a specific control mechanism applied to each of the five years ahead planning (together with an allowance for the relative price effect), the position subtly changed. Much of the costing is done six or more months before the first

year of a Survey, so by the end of that year, the costs can be 18 months old. When inflation was running at a modest rate the discrepancy did not matter greatly, and thus it did not attract much attention. To-day the situation is quite different, particularly as the effect of wage increases are played down in the Surveys.

Two damaging consequences follow. First, the discrepancy is so big that the control mechanism tends to lose authority. Rising money Estimates for the Central Government, together with large Supplementary Estimates, seem to be the cool rationalism of the White Paper presentation. Prominence is given to the "how-were" by which expenditure for year 1 of a Survey is higher, but for succeeding years lower than planned. The depth of the wave may be exaggerated, but confusion is certainly caused and the credibility of expenditure management weakened.

## Distorted

The second damaging result arises from the lack of unambiguous early warning to the Chancellor and to Ministers about the current trend of their programmes, in comparison with the agreed plans. The message received is likely to be weak and possibly distorted.

This gap could readily be remedied by the introduction of a simple comprehensive management information system drawn from the cash disbursements under each programme, sub-programme or further subdivisions. The information flow would have to be "translated" from the cash data in order to render them consistent with the White Paper.

The Treasury has powers to prescribe the form of Department Accounts and there seems no bar to the inclusion of a requirement for simple monthly figures showing the progress of the main features of each sub-programme.

For local authorities and other bodies partly or wholly financed but not managed by Central Government a requirement could be added to the terms of grants so as to obtain similar reporting on expenditure. Liverpool, already has

corresponding arrangements for its own purposes.

It may well be objected that the public sector is too big for such a system. It is hard to see why this should be so. A number of leading enterprises receive outline information about sales, profits or losses and variances from budget within three or four weeks after the end of the previous month's trading. Some also obtain simultaneously revised forecasts for the following six or twelve months, rolled forward each month. Reporting from public sector "cost centres" would in some respects be simpler than the business returns and the scale covered on each sub-unit is unlikely to be very different as between enterprises and public sector programmes. The key is the unit where the running accounts are kept: the main task would be their adaptation to secure a simple up-to-date monthly out-turn.

In using this information it would be necessary to avoid flying off directly to conclusions on "cash evidence" alone. Interpretation of the economic impact of overspend, under-spend or possible corrective action would be needed by Ministers so as to see how it fitted in with other economic trends. Interim interpretation might be less sophisticated than at the mature annual review. But it would be right up to date and all that can now be seen to be a serious gap in present arrangements.

Other advantages would follow. Expenditure managers down the line would themselves be getting directly early signals about their own responsibilities month by month instead of at the longer intervals sometimes used.

Improved management information would enable changes in direction to be undertaken with greater effect and more certainty. Flexibility of public sector expenditure has been a thorny subject for many years.

The Expenditure Committee spent some time on the matter, three or four years ago, but did not pursue it further. Latterly the committee concluded (in its report 1974) that "changes in the level of public expenditure should be used only as a tool of last resort... short term management of the economy... should primarily be carried out by changes in taxation." Subsequent events, and particularly increased taxation and a much bigger public sector borrowing requirement suggest that this view may not be sustained.

Sharp last moment changes can cause unforeseen costs, as the Post Office have shown: similarly cuts in investment in power stations or hospitals have further effects on manufacturing industry which in turn reflect on their investment. It is good news that NEDO and the Treasury are reviewing this. To gain results, they will need more accurate current data of progress than now seems to exist.

Similarly, current expenditures may be affected by the precise pace of recruitment or wastage of staff. Those techniques are well understood, but they need to be linked up more precisely with the overall management of expenditure. Management information data is essential for this purpose. Ministers need early notice of events; managers down the line have to start thinking early where divergences from trend may lead them.

Looking ahead, the introduction of prompt management information and effective early warning might well open up new possibilities for managing expenditure, and for narrowing the gap between Chancellor and the Exchequer and spending Ministers. If this were remedied, it would be a crisis before multiplying expenditure. Political needs may partly account for this, but the absence of unambiguous and up to date information must surely have contributed. If this were remedied Government could act earlier and with less upset.

It might also find a new weapon in their armoury: it might put a ripple into the system, calling for an increase on or decrease of x per cent. from trend in particular programmes, starting so many months ahead. Spending managers would know more clearly where they stood and could set about their tasks more rationally; and we should be saved some of the inconsistencies and failures identified by the Expenditure Committee of the House.

The author was chairman of PESC 1965-69.

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WEDNESDAY, JUNE 11, 1975

## Oil producers ask for more

AFTER more than 16 months of stalemate on the question of oil prices, the producers have finally decided to seize the initiative for themselves. The final results of the latest OPEC meeting in Gabon have still to be announced. But already the message is clear. A decision to readjust the dollar basis of oil price quotation and set it against a basket of Western currencies has been virtually made, although the details have still to be agreed. More ominously, almost all the producers are now openly talking of a substantial price increase to recoup the past effects of inflation once the self-imposed moratorium on increases ends this September.

The development is hardly surprising. Ever since OPEC decided to raise the price of oil fivefold in the period 1973/4, the producers have experienced a steady decline in the real value of those price increases as a result of the rapid inflation of costs of their imports from the West and as a result of the decline in the value of the dollar on which their oil revenues have been assessed.

**Restraint is over**

In the eyes of the more radical producers at least, this period has served only the interests of the consumers, who have simply stood by and enjoyed the benefits. Now that the period of price restraint is over, runs the argument, the producers are fully justified in taking self-protective action to raise prices and enforce, if necessary, a new indexation against world inflation rates. The argument has its appeal for the producers. There can be no doubt that, contrary to some expectations, they have been able to absorb the recent fall in demand without breaking ranks. And there is equally no doubt that they have a case in arguing that the consumers have shown themselves surprisingly reluctant to accept the hard facts of the oil production pattern.

Yet, from the consumers' point of view, things cannot be that simple. To demand, as the producers have done, a firm agreement not just on oil prices but on the prestige that goes with inequality of earned incomes, ranging from £1,000 a year at the bottom to nearly £100,000 at the top, is a serious cause of social discontent. In evidence to the Royal Commission on the Distribution of Income and Wealth, it argues that even on an after-tax basis the inequalities are far too large and do not fit "society's basic values of social justice." When fringe benefits are taken into account, the inequalities are even more offensive. Hence the TUC suggests that the Royal Commission should consider the possibility of setting an upper limit of £20,000 before tax or £10,000 after tax.

**Inflation**

The TUC's analysis leaves several factors out of account. First, the combination of progressive taxation and high inflation has struck hard at the real incomes of higher-paid managers. ICI has pointed out to the Commission that over the past five years its weekly paid employees had seen their real after-tax salaries rise by 25 per cent., while those of senior managers had been static or had declined by up to 15 per cent. This was why ICI had such difficulty in persuading its overseas-based managers to return home and even more in attracting foreign nationals to U.K.-based jobs.

Second, although the international market for executives is an imperfect one (because personal and family ties often outweigh salary differences), it is nevertheless an increasingly important consideration for companies which operate in an international business. The oil industry is one example. It would be surprising to say the least if the Secretary for Energy was able to hire a suitable chief executive for the British National Oil Corporation at £20,000 a year, if he wants the best man, he will have to pay the market price. Third, while senior managers generally enjoy their work and

but monetary reform and raw material costs as well as raised a host of problems of definitions of a fair price for oil, over creating a structure for other commodities and over settling issues within a narrow confine of politically charged summery which the consumers would be neither wise nor well-advised to leap into even if they had the practical unity or framework for doing so, which is doubtful. This being so, the position of the consumers must be a delicate one. They can, as Saudi Arabia has hinted several times in recent months, make some dramatic offer of price indexation before OPEC meets to consider the price question next September. But this is difficult in practical terms and must be based on the dubious proposition that such a move would enable the moderates in OPEC to suppress their more radical colleagues.

**The options**

Or the consumers can, as some have suggested, simply drag their feet and let the producers raise prices in the hope that they will then come to realise that it is a self-defeating move, gearing up inflation rates and reducing demand still further. Or the consumers can, alternatively, play it by ear, seeking to revive the dialogue on oil and raw material prices in the most practical manner possible and trying to convince both the producers and the developing, poorer nations that oil is too closely linked to the whole world's economic welfare to be used as a political football or a monetary commodity. The latter course is not the easiest. It may well be that any real dialogue on the issues is not developed in time to prevent an OPEC price increase next September. And it may well be that it leaves the consumers the worse off in the public eye for failing to respond readily enough to producer pleas for co-operation. But it is the most sensible course open to the consumers and one which, for all the pitfalls, gives the hopes for a realistic solution to everybody's interest in the long-term.

**Market economy**

But if the market economy is to work efficiently, some people will always earn very much more than others; any attempt to legislate against this is likely to damage performance. What really matters is equality of opportunity, so that the jobs which carry high salaries are open to all. That is why the U.S., as the TUC itself recognises, the perception of inequality is much less than in the U.K. even though income differences are larger.

## A dear stamp of failure on the Post Office profit plan

BY HAROLD BOLTER

LESS than three months ago the Post Office introduced the 7p and 51p letter post and raised the cost of using the telephone service by an average of 35 per cent. Together, these increases were designed to yield an extra £648m. to the P.O. in 1975-76 and to avoid, it was hoped, the need for any further price rises this year. Those hopes have now been dashed. Very shortly the Post Office will go back to the Government with proposals for another set of price rises this autumn. The day of the 9p letter may well be at hand, and it is an event bet that the 10p post will be with us by this time next year.

Unfortunately, this is by no means all. Apart from further increases in postal and telecommunications charges, the P.O. will suggest to the Government and to the Post Office Users' National Council—the consumers' watchdog organisation—that the time is now ripe for a reduction in the services it offers, particularly on the postal side of its business.

This could mean fewer evening and weekend mail collections, a single letter delivery each day in town and country areas (and that spread over a longer delivery period), the complete abolition of Saturday "normal" deliveries, and much else besides.

## Accelerating the drift

There could also be a further widening of the differential between the charges for the first and second class post, accelerating the drift from the first class service which is already taking place. Ultimately, the vast majority of postal traffic may be carried on a standard service, offering no sort of guarantees about delivery, with a small amount of really important mail carried on a much more expensive service which would hold a real promise of delivery on the day after posting.

The proposals represent desperate remedies for a desperate situation. First, of course, the Post Office suffered badly during previous periods of price restraint, when the nationalised industries were used as an important tool of Government economic policy. This was recognised by the Government until recently: in 1973-74 the PO received some £128m. in compensation for revenue lost by holding down prices, while for the year just ended, 1974-75, it will get another £330m., the size of the deficit it will report next month. But the Government and the

## Deterioration - dramatic

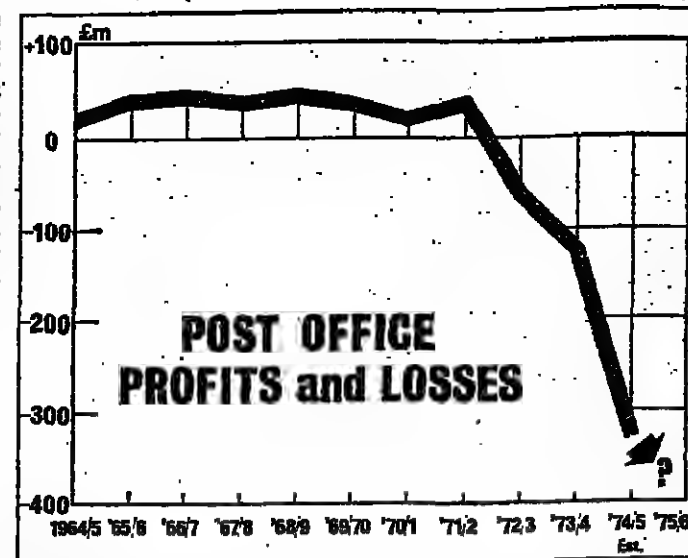
The deterioration in the Post Office's prospects since that performance seemed possible has been dramatic. It is now thought to be heading for a 1975-76 deficit of well over £300m., unless something is done. There are three main reasons for this: the effects of inflation were miscalculated; the business recession has been more severe than anticipated; and the turn of the year, and the P.O.'s customers have resisted the spring round of price rises on a scale not experienced previously.

When Sir William Ryland, the Post Office's chairman suggested that the Corporation could come close to breaking even during 1975-76 without any further price rises, he had built an inflation rate of around 20 per cent. into his estimates. In the event, this looks like being around 10 per cent. too low.

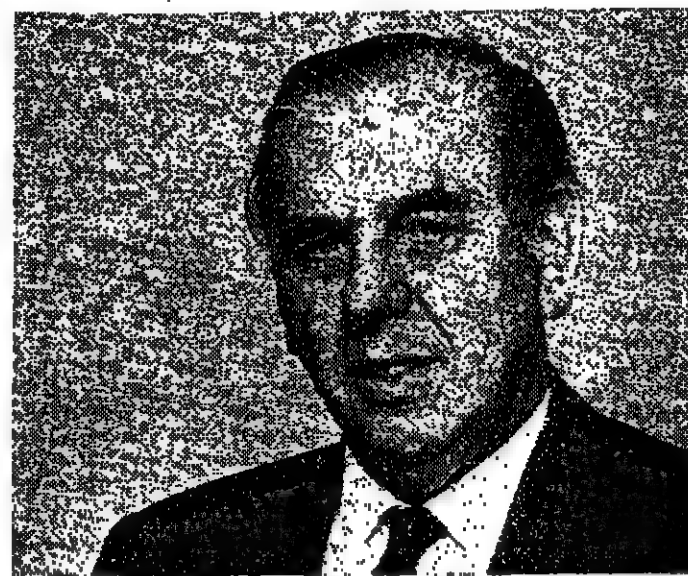
For the Post Office, this misplaced optimism about the course of the economy has been highly significant. As the country's largest employer, with a labour force of some 420,000 and its biggest investor in capital equipment (at least £800m. this year) the P.O. is particularly vulnerable to inflation.

Even though the latest pay rises in the industry fell broadly within the terms of the social contract, the Post Office's total pay bill has risen from some £300m. a year when it became a Corporation in 1969 to over £600m. In addition, of course, inflation has meant that the P.O. is now paying more for its bought-in equipment and meeting higher interest charges.

Recent calculations by the Corporation suggest that the heavy postal price increases in March led to an overall fall of about 8 per cent. in traffic, and this may prove an understatement (Mr. Tom Jackson, general secretary of the Union of Post Office Workers, has suggested a figure of 10-12 per cent.) when the meter stamps used by business concerns are checked. Equally important, there has been the pronounced shift away



The dramatic change in Post Office fortunes (above) means a £300m.-plus loss this year unless a drastic solution is found. When Sir William Ryland (below), the Post Office chairman, suggested that the Corporation could come close to breaking even during 1975-76 without further price rises, his estimates were based on an inflation rate of around 20 per cent. That figure now looks like being too low by some 10 per cent.



from the first class service to the second class. Before the spring price increases, some 49 per cent. of the 35m. letters handled by the Post Office every day were sent first class. Now the proportion has dropped to 40 per cent., and some very big concerns have made it known to the P.O. that they have changed the bulk of their mail second class at 51p and using the 7p service only for urgent letters. If, and when, prices go up again, this process will undoubtedly continue. And, curiously enough, the Post Office will be reasonably content to see it happen. Among the Corporation's top management there is some sympathy for the union view that, with the pressure of the postal service for next day delivery, except for a limited number of items, there would be more scope for flexibility and cost savings.

This is why the idea of a fundamental change in the present two-tier postal system may well appear among the new economy measures which the Post Office will put to Lord Paddy's Post Office Users' National Council shortly. For the most part, however, Lord Paddy, chairman of the Council, will be placed in the rather embarrassing position of re-examining a set of proposals turned down in 1971. At that time the POUNC maintained that both businessmen and the general public would prefer a straight forward price rise to any diminution of the postal service. The Post Office is not at all sure, at its recent experience, that this is any longer the case.

Four years ago the corporation suggested that it could be saving as much as £88m. a year by 1978 if it was allowed to re-

shape Britain's postal service. With inflation, this figure could now be substantially higher, while the time-scale will also have been advanced, but the principles of a radical change in the service remain much the same.

On the letter service, the P.O. is thought to favour a reduction to one delivery a day in residential areas, with the time of delivery extending in some cases well into the afternoon, and a fairly strict restriction on evening and week-end collections. This is something the unions would also support. On the parcels side of the business, Saturday deliveries would probably end altogether, and there would be a reduction in week-end working.

The Post Office cannot hope to get all the savings it needs simply by cutting back on services, however. It will, therefore, be looking for some reduction in employment in an industry which is undoubtedly over-manned, despite local problems of labour shortages at various times.

These are some of the areas where the Post Office management is looking for cost savings, although there are obviously other ways it could economise: through, for example, a reduction in its publicity budget.

There is one, more significant problem area where Government help—although not in the form of a subsidy—is being sought. This is the P.O. pension fund, for which a deficiency of £1.1bn. was reported for the first time, last year. For some time the Corporation has been trying to get State support for the funding of part of this shortfall.

**Notional stock of Consols**

Most of the deficiency relates to the service of P.O. employees before the Post Office became a public corporation in 1969. At that time the Government credited a notional stock of Consols to the pension fund in respect of this service. Unfortunately, with inflation, the pension fund's liabilities have risen up while the value of the Consols has fallen. As a result, the funding arrangements of the pension scheme are hopelessly inadequate.

The Post Office's argument is that, since so large a part of these liabilities stem from a period before the Corporation came into existence, the sums involved in meeting them—some £100m. last year—should be provided by the Government. The alternative is that the Post Office will have to pass them on to its customers.

Until the Government makes up its mind about the pension fund, and the Government and the POUNC together decide whether a reduced postal service is tolerable, it is impossible to be certain about the size of the price increases which will come in this autumn. But there can be no doubt at all that they are on the way or that there will almost certainly have to be more next spring.

## MEN AND MATTERS

## Sporborg's two views of Sheffield Twist

With the initial period of SKF's agreed offer for Sheffield Twist Drill and Steel running out tomorrow, some word on the subject from Shirley Williams would be appreciated by those concerned. At the moment shareholders of Sheffield Twist are in an unusual position, both not knowing whether the bid will be referred to the Monopolies Commission and also knowing no more about Thorn Electrical Industries' role other than its declared intent to bid—providing there is no Monopolies reference—in cash, and more cash than SKF. Given the imponderables, SKF's merchant bank, Hill Samuel, says it is pleasantly surprised by what acceptances are coming in.

Thorn's bank is Hambros, which yesterday announced it had bought its client 785,000 Sheffield Twist shares. Hambros had to make the announcement, since both the Takeover Panel and the Office of Fair Trading decided that Thorn's unconventional approach of saying it would bid, but not actually doing so until it had heard from Mrs. Williams, nevertheless put it technically into a bid situation.

At Hambros, though not involved directly in the banking tactics, is Henry Sporborg, enjoying a unique view of this interesting situation. Sporborg is chairman of SKF (U.K.). He is also deputy chairman of Thorn.

The secrets of the Thorn Boardroom are, of course, quite safe, he says, and equally it is not SKF (U.K.) that is bidding, but the Swedish parent company, so he thinks there need be no real conflict of interest. The opposition has interpreted Thorn's tactics as putting up a

smokescreen to prevent Sheffield Twist, competitor of the Thorn subsidiary Clarkson, from falling into such powerful hands as SKF. But Sporborg, says Thorn, saw the advantages of owning Sheffield Twist. It had led to an overall fall of about 8 per cent. in traffic, and this may prove an understatement (Mr. Tom Jackson, general secretary of the Union of Post Office Workers, has suggested a figure of 10-12 per cent.) when the meter stamps used by business concerns are checked. Equally important, there has been the pronounced shift away

from the first class service to the second class. Before the spring price increases, some 49 per cent. of the 35m. letters handled by the Post Office every day were sent first class. Now the proportion has dropped to 40 per cent., and some very big concerns have made it known to the P.O. that they have changed the bulk of their mail second class at 51p and using the 7p service only for urgent letters.

If, and when, prices go up again, this process will undoubtedly continue. And, curiously enough, the Post Office will be reasonably content to see it happen. Among the Corporation's top management there is some sympathy for the union view that, with the pressure of the postal service for next day delivery, except for a limited number of items, there would be more scope for flexibility and cost savings.

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Four years ago the corporation suggested that it could be saving as much as £88m. a year by 1978 if it was allowed to re-

play a major role as chairman of a new Equal Opportunities Commission "to work towards the elimination of discrimination." It will oversee the new Sex Discrimination legislation which should be operative at



the end of this year, as well as the existing and updated Equal Pay Act.

A Yorkshirewoman, Miss Lockwood had spells as a shop assistant and local government employee before a year of economics and political science at Oxford. She then joined the Labour party organisation, finally rising to be chief woman's officer of the party, where she has been a member of Labour's study group which reported on sex discrimination.

## Foaming

Hard to adjust to the topic on such a pleasant day as yesterday, but representatives of the cavity foam insulation industry were rushing around London

delivering (or trying to deliver) foam to MPs and leaving a sample on the doorstep of Environment Secretary Anthony Crosland's home.

On the face of it, cavity foam is a good way of saving on heating bills. It is claimed that on the average semi, £120-worth of work will save up to 30 per cent. on fuel costs annually. The trouble has been that, in a depressed building industry, the sudden boom in such insulation has led the Environment Department to instruct local authorities to apply strict controls.

The result, says the Cavity Foam Insulation Association, is that under-manned councils are reluctant to consent to specialised work, and an "almost complete standstill" has come to the business.

Thus yesterday's protest, John Baker, founder and vice-chairman of CFIA, agrees that "cowboys" have tarnished the image, but says problems have only been arising in three installations per thousand, "a much better track record than for other building materials." CFIA, unimpressed by DoE promises of slight relaxations in the regulations which will take six months to activate, suggests predictably enough that installers should stand approved by virtue of association membership, with the attendant insurance scheme. This pays out, a spokesman for CFIA pointed out carefully, even if the installer's firm folds.

## Be specific

Gwyn Morgan, Chief de Cabinet to George Thomson, a British member of the European commission, trying to pin down a questioner at a City occasion yesterday: "Are you frustrated—or are you being interfered with?"

**Observer**

**The FAMOUS GROUSE SCOTCH WHISKY**

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Your first sip of Famous Grouse whisky will tell you why it costs a little more than its rivals. We scarcely need to spell out the ancient pedigree of this mellow, balanced blend—for here is bottled history. Enough to say that Famous Grouse whisky is the cumulative creation of one distinguished family who have been blending fine whiskies since 1800. So call it taste, discernment, what you will, this is the whisky for you.

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كافا من الأصل



## Irvine NewTown



# COMPANY NEWS + COMMENT

## Travis & Arnold falls to £2.6m.

**BUILDERS MERCHANTS** and timber importers, Travis & Arnold, reports turnover up slightly from £21.03m. to £23.08m. for the year to February 28, 1975, and taxable profits of £1.85m. compared with £2.01m. after £0.6m. against £0.33m. for the first half.

The directors say that the reduction in profit is primarily due to action taken to eliminate some £800,000 of pre-tax profit generated in the previous year which was in excess of the level allowed under the counter-inflation legislation of 1973.

This position has now been corrected, but involved reductions in selling prices which, owing to the sharp fall in demand did not result in the usual compensation of higher sales.

Earnings are shown to be down from 20.8p to 14.6p per 25p share. The dividend is lifted from 2.08p to the maximum permitted 2.57p net, with a final of 2.31p.

Tax for the year takes £1.36m. (£2.13m.) and extraordinary debits £18,743 (£2,346). The attributable balance is £1.26m. (£1.76m.) of which £1.08m. (£1.60m.) is retained.

Page, Calman and Company, a wholly owned subsidiary reports sales of £2.83m. compared with £2.77m. and profit of £273,343 against £252,920 before tax of £152,765 (£196,713). An extraordinary credit adds £18,743 (debit £27,768) and £70,123 (£70,536) is retained.

The dividend is 43 per cent. gross (50 per cent.).

The extraordinary item for 1975 represents a net profit on sales of treblehold property.

**comment**  
Travis and Arnold ended 1974-75 nearly a third down pre-tax—slightly greater drop than at the half-way stage. But whereas the main influence in the first half was margin adjustments required by the Price Commission, the second-half decline was principally explained by a sharp fall in demand and margins on the timber side, traditionally about half the group's business.

Cuts here resulted in stock losses of probably between £300,000 and £450,000. Activity on this side is still at a depressed level, but sales of building, heating and plumbing materials are no far "quite well ahead" of a year ago. Moreover, in 1973-74, the group will not be faced with the margin problems, and consequent profit reduction of a year ago. Overall, the group is hopeful that profits can be increased, and while a yield of 6.8 per cent. at 88p is hardly exciting for the sector, the cover is 5.1 times.

### AVP DIVIDEND

The Board of AVP Industries has convened a meeting for August 3 to consider recommending a final dividend on the Ordinary shares for the year to March 31, 1975.

## CHERSONESE (FMS) ESTATES, LTD.

### RECORD PROFIT

The Sixty-Fifth Annual General Meeting was held in London on 10th June 1975. Mr. T. B. Barrow, the Chairman, in his review stated—

The profit before tax of £791,000 for 1974 was more than twice the previous year. Tax requires £387,350 and the total dividend of 1.033p per 10p share will cost £15,988 paid to members and £69,026 paid in Advance Corporation Tax. Dividend restraint prevents us from distributing a higher dividend, so retained profit has been increased by £207,063.

### ESTATES

Rubber yielded 1,256 lbs. per acre and earned £64 per acre profit. Cocoa interplanted under coconuts earned £164 per acre profit. The fourth crop oil palms earned £238 per acre profit, which may well prove to be an all time record. The estates are in good condition and are well equipped.

The report and accounts were adopted.

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| Arenson (A.)            | 18   | 3    | Heath (C. E.)          | 20   | 6    |
| Atlantic Shipping       | 19   | 1    | Hill Samuel            | 19   | 4    |
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| Capper-Neill            | 18   | 7    | Lipton (L.)            | 19   | 6    |
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## Scotros ahead to £0.6m.

A 15 PER CENT. pre-tax profit increase to £600,650 on a 10 per cent. rise in turnover—against a background of improving liquidity—is reported by Scotros, the food and engineering group, for the year to March 31, 1975. At mid-year profit was £227,000 against £208,000.

And the company has sold its six cash and carry depots to the Booker McConnell group for approximately £500,000 "to finance expansion for other more profitable group operations, including our other interests within the food industry."

Holders are to receive the maximum permitted final dividend of 1.517p per share (1.62p), bringing total dividends for the year to 2.417p (2.222p) net. Stated earnings per 25p share rose from 4.3p to 4.5p.

Cash and carry held Scotros back from even bigger profits by some £80,000, says the Board, as "profit margins available to a minor operator in this market are insufficient to finance internal growth."

Trading results since the year end show continuing growth and the directors see no reason to expect less than a satisfactory result for the year as a whole.

**comment**  
Scotros has decided to cut its

losses and pull out of cash and carry, where the turnover of £90,000 to a £80,000 loss last year accounted for the lion's share of the £126,000 decline in profits from the food division. The food services and engineering operations on the other hand put up an impressive performance with profits 150 per cent. higher. Here, packaging products for the food industry showed very good growth along with a modest increase from refrigerated lorry bodies, and a turnaround to profit from food preparation equipment. Without the cash and carry operation, estimates of at least £12m. pre-tax for this year do not seem excessive on current trading, particularly as bank borrowings were £1m. lower at March than the £5.5m. of a year ago, and there is the £1m. injection from the Booker deal since then. The shares are evidently traded in a thin market, but nevertheless the yield is 11 1/2 per cent. at 34p.

## Arenson's first half expansion

FOR THE six months to January 31, 1975, profit before tax of office furniture and equipment manufacturers, A. Arenson (Holdings) expanded £70,000 to £204,000 on turnover up from £2.77m. to £3.17m.

The Board does not anticipate that the second half will show the normal growth pattern experienced in previous years.

More difficult trading conditions are being encountered during the second half as home market customers reduce their stocks in the light of the economic and political difficulties.

Although overseas sales are gathering momentum they are not yet able to take up the reduction in home market demand. Having now achieved the required stock levels to support overseas operations, production levels are being adjusted to fall in line with current demand, states the Board.

Earnings are stated at 3.15p (2.48p) and the interim dividend is raised from 0.617p to 0.659p net. The Board expects to at least maintain the final dividend (1.173p). Last year's total payment of 1.791p was paid from profits of £205,538.

**comment**  
Having regard to Chamberlain's main customer area—the shoe manufacturers, the textile and furniture industries—fall in profits was very much on the cards. The problems within these industries have been well aired and so a 65 per cent. fall in second half profit was not a shock to the market and the shares held steady at 27p, where they yield 10.4 per cent. Although there are a couple of interesting developments, particularly in the field of "metalised paper" from the German subsidiary, the general trading picture is not one for optimism, and the current six months CP will have to work hard to climb much above the preceding period. The case for recovery in the latter part of this year does not seem great except on a general pick-up in the economy, but at least the destocking by shoe retailers should be at an end. In the meantime, Courtaulds' shares (nearly a fifth) gives a speculative appeal, though firm intentions are lacking.

**comment**  
Arenson's first half pre-tax profit growth of 30 per cent. is right in line with the previous two halves but sales growth has dropped from an average 55 per cent. to only 14 1/2 per cent., and the second half is clearly going to be disappointing. Exports, some 8 per cent. of turnover last year, cannot fill the gap left by destocking.

among U.K. distributors and at reduced capacity working the group may well show lower second half profits. At 40p, over a fifth below the year's high, the shares yield 7 per cent.

## Chamberlain Phipps down by £0.57m.

SECOND HALF profits of Chamberlain Phipps fell sharply from £1.11m. to £1.12m. leaving the total for the year ended March 31, 1975, down from £1.83m. to £1.28m.

Chairman, Mr. W. R. F. Chamberlain, explains that in the second half profit margins, which were already controlled by legislation, came under pressure from rising costs and increased competition, and certain parts of the group developed rather severe trading difficulties.

The profit was struck after interest charges doubled at £848,500. After tax and minorities the attributable balance emerged at £568,448, against £694,818.

Earnings per 10p share are stated at 2.24p (3.15p). The dividend is raised effectively from 1.61-1.32p net to 1.74-0.96p with a final of 1.22-0.96p.

The chairman points out that the global trade recession has affected every market in which the group operates and during the year the U.K. footwear manufacturing industry, its principal market, has been increasingly concerned with the high level of shoe imports.

During the year 48 per cent. of the group's pre-tax profit was earned from its trade with U.K. footwear manufacturers, 10 per cent. from exports, 24 per cent. from its trade with other industries in the U.K. and 18 per cent. by the overseas companies.

Mr. Chamberlain says that the present economic scene makes even short-term forecasting extremely difficult because costs continue to rise and there is stiff competition for lower volume business. In these circumstances, he finds it difficult to be optimistic about prospects for the first half of the current year.

While inflation continues at its present level, it is not possible, he says, to predict the year's outcome, although he remains confident in the longer term prospects.

**comment**  
Turnover: £2,881,554 £2,884,328  
Exports: 1,259,182 1,771,949  
Total: 3,740,736 4,656,277  
Trading profit: 37,261 51,453  
Share of associates: 25,478 18,869  
Interest payable: 1,254 1,254  
Taxation: 638,061 1,561,068  
Net profit: 17,920 39,469  
Dividends: 11,497 27,234  
Reserves: 368,448 364,216  
Total: 213,911 225,770  
Pre-tax profit: 9,235 9,823  
Ordinary: 201,809 207,287  
Depreciation: 11,000 11,000  
£1,000,000 1 Credit.

**comment**  
Having regard to Chamberlain's main customer area—the shoe manufacturers, the textile and furniture industries—fall in profits was very much on the cards. The problems within these industries have been well aired and so a 65 per cent. fall in second half profit was not a shock to the market and the shares held steady at 27p, where they yield 10.4 per cent. Although there are a couple of interesting developments, particularly in the field of "metalised paper" from the German subsidiary, the general trading picture is not one for optimism, and the current six months CP will have to work hard to climb much above the preceding period. The case for recovery in the latter part of this year does not seem great except on a general pick-up in the economy, but at least the destocking by shoe retailers should be at an end. In the meantime, Courtaulds' shares (nearly a fifth) gives a speculative appeal, though firm intentions are lacking.

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### DIVIDENDS ANNOUNCED

| Company                    | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|----------------------------|-----------------|-----------------|--------------------|----------------|-----------------|
| Alpine Soft Drinks         | 3.5             | —               | 3.4                | 3.5            | 3.2             |
| A. Arenson                 | 0.63            | July 7          | 0.62               | —              | 1.79            |
| Atlantic Shipping          | 14.6            | July 25         | 13.70              | 14.6           | 23.5(b)         |
| J. W. Cameron              | 1.25            | July 18         | 0.98               | —              | 2.97            |
| Carless Capel & Leonard    | 0.14            | July 23         | 0.41               | 0.75           | 0.89            |
| Chamberlain & Phipps       | 1.25            | Aug. 1          | 1.16               | 1.74           | 1.89            |
| Chloride Group             | 2.43            | —               | 2.38               | 3.39           | 3.11            |
| Chamberlain Phipps         | 0.49            | —               | 0.45               | 0.88           | 0.63            |
| Doornfontein Gold          | 60c             | Aug. 7          | 65                 | 110            | 100             |
| East Driefontein           | 30(c)           | Aug. 7          | 20                 | —              | 55              |
| Travis and Arnold          | 20(c)           | Aug. 6          | 16                 | —              | 25              |
| Easton and Robbins         | 1               | July 11         | 0.95               | 1.5            | 1.45            |
| Gordon Johnson-Stephens    | 12.01(a)        | Aug. 5          | 12.01              | 22.01          | —               |
| Harrisons & Crossfield     | 150(c)          | Aug. 6          | 110                | 215            | 190             |
| Hill Samuel                | 1.37            | July 28         | 2.22               | 3.56           | 3.27            |
| Ingersoll Group            | 39(c)           | Aug. 7          | 1.25               | 1.37           | 1.35            |
| Kloof Gold Mining          | 1.73            | July 4          | 1.58               | —              | 79              |
| Land and House             | 0.91(c)         | Aug. 7          | 0.5                | 3.33           | —               |
| Libanon Gold Mining        | 5.23            | —               | 5.64               | 10.22          | 9.39            |
| Johnes Hatfield            | 0.57            | Sept. 5         | 1.33               | 1.43           | —               |
| Mechas                     | 0.63            | Aug. 13         | 0.59               | 1.00           | 0.94            |
| Mountview Estates          | 1.13            | Aug. 3          | 1.13               | 2.13           | 1.58            |
| Ocean Wilsons (S&L)        | 1.53            | —               | 1.67               | 2.42           | —               |
| Scotros                    | 1.53            | July 13         | 1.57               | —              | 5.6             |
| Shires Investment 1st Int. | 1.4             | —               | 2.08               | 2.84           | 2.81            |
| Ventersport Gold           | 30(c)           | Aug. 7          | 35                 | 70             | 75              |
| Vladfontein Gold           | 10(c)           | Aug. 7          | 15                 | 35             | 35              |
| West Driefontein           | 75(c)           | Aug. 7          | 290                | 485            | 475             |
| Zandpass                   | 21.5(c)         | Aug. 8          | 19                 | 35.75          | 37.5(4)         |

Dividends shown per share net except where otherwise stated. (a) Equivalent after allowing for scrip issue. (b) On capital increased by rights and/or acquisition issues. (c) For six months to end 1974. (d) Including special payments totalling 9.7125p of which 2.125p related to 1973-74. (e) South African cents. (f) For 18 months.

pointed out that all rescue operations over the past year had been mounted not by the insurance industry as a whole but by individual consortia of insurance companies.

**comment**  
The profit was struck after interest charges doubled at £848,500. After tax and minorities the attributable balance emerged at £568,448, against £694,818.

Earnings per 10p share are stated at 2.24p (3.15p). The dividend is raised effectively from 1.61-1.32p net to 1.74-0.96p with a final of 1.22-0.96p.

The chairman points out that the global trade recession has affected every market in which the group operates and during the year the U.K. footwear manufacturing industry, its principal market, has been increasingly concerned with the high level of shoe imports.

During the year 48 per cent. of the group's pre-tax profit was earned from its trade with U.K. footwear manufacturers, 10 per cent. from exports, 24 per cent. from its trade with other industries in the U.K. and 18 per cent. by the overseas companies.

Mr. Chamberlain says that the present economic scene makes even short-term forecasting extremely difficult because costs continue to rise and there is stiff competition for lower volume business. In these circumstances, he finds it difficult to be optimistic about prospects for the first half of the current year.

While inflation continues at its present level, it is not possible, he says, to predict the year's outcome, although he remains confident in the longer term prospects.

**comment**  
Turnover: £2,881,554 £2,884,328  
Exports: 1,259,182 1,771,949  
Total: 3,740,736 4,656,277  
Trading profit: 37,261 51,453  
Share of associates: 25,478 18,869  
Interest payable: 1,254 1,254  
Taxation: 638,061 1,561,068  
Net profit: 17,920 39,469  
Dividends: 11,497 27,234  
Reserves: 368,448 364,216  
Total: 213,911 225,770  
Pre-tax profit: 9,235 9,823  
Ordinary: 201,809 207,287  
Depreciation: 11,000 11,000  
£1,000,000 1 Credit.

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# And all this too, from Tate & Lyle.



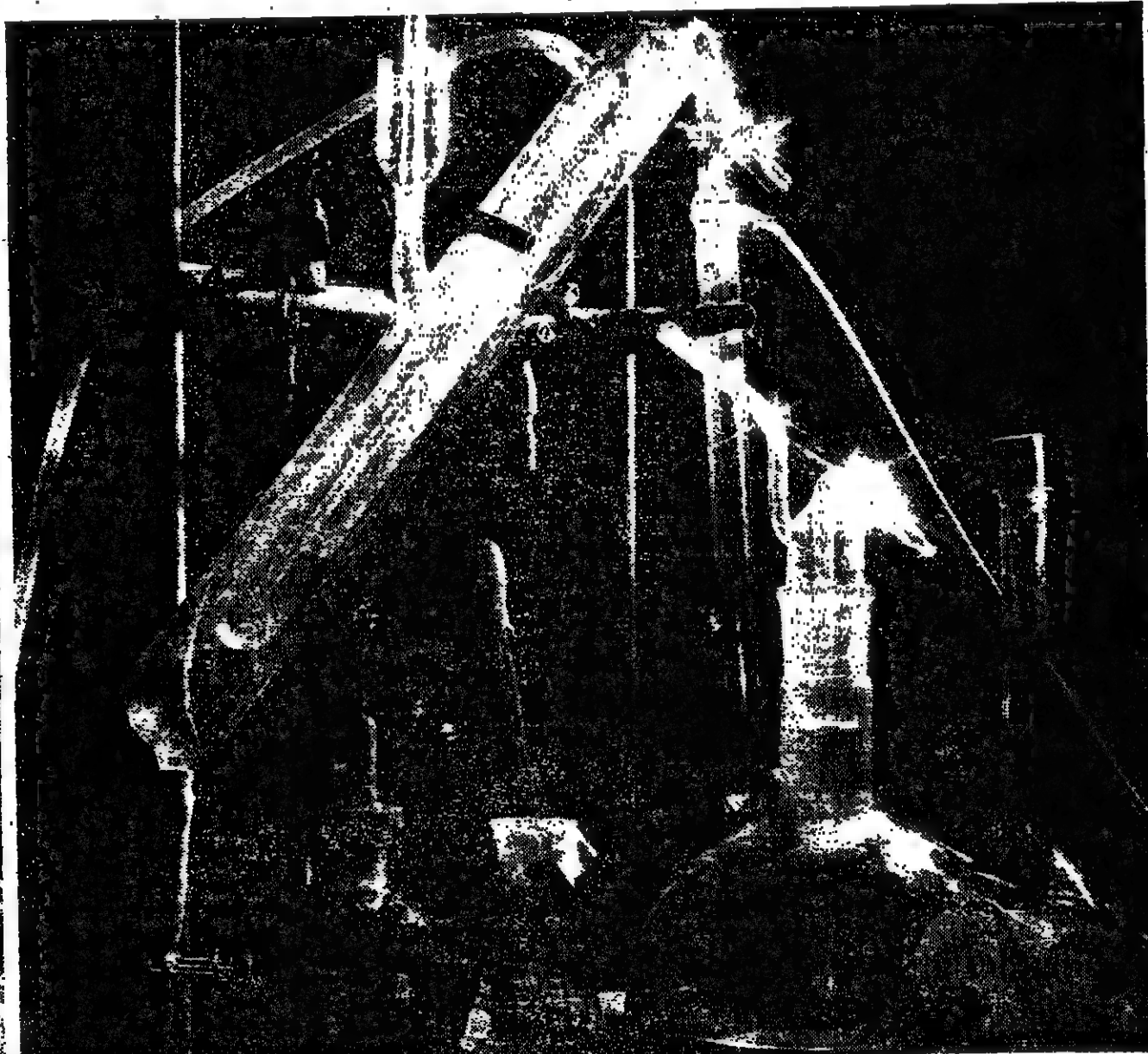
**Food From Waste.** Tate & Lyle Research has developed a new method of preparing animal feed from vegetable waste by means of fermentation, which could make a significant contribution to third world food problems.



**The Fight for Food.** Tate & Lyle is not only in research, but also manufactures specialist irrigation equipment and provides know how for agriculture throughout the world.



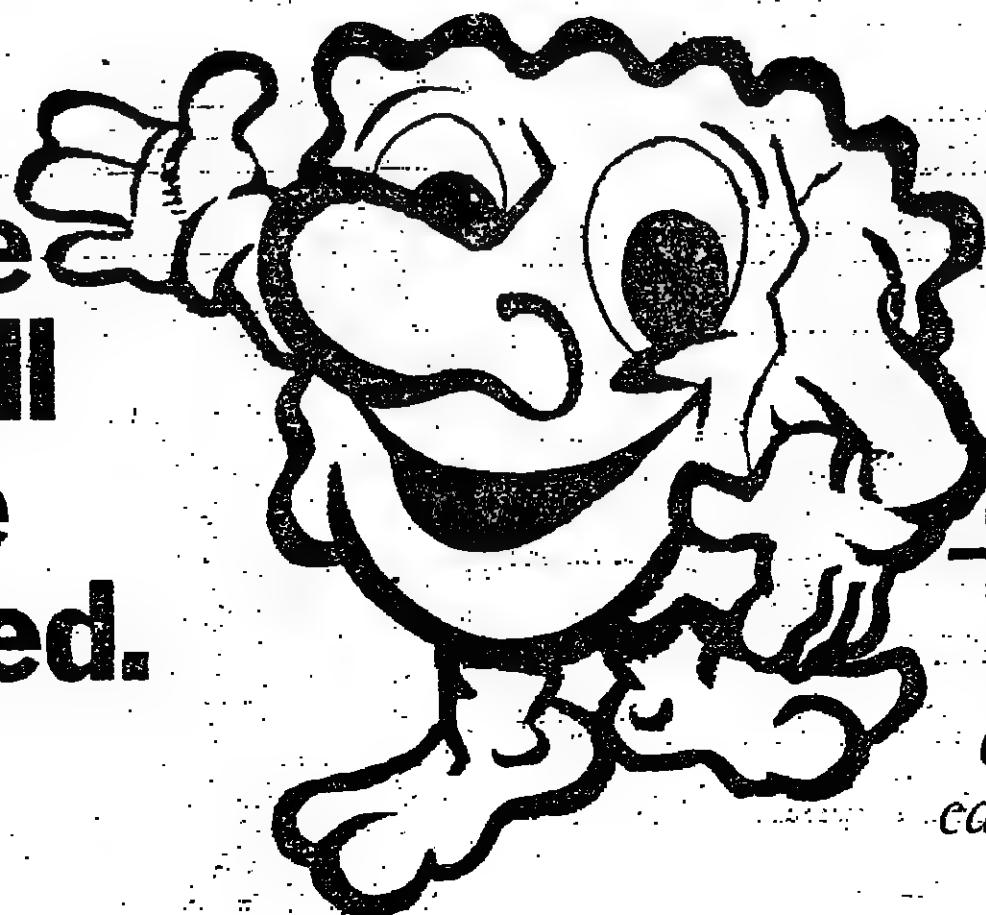
**New Sources of Sweetness.** Although sugar has become the world's main source of sweetness, there are alternatives. In the Middle Ages, Europe used honey. Today, Tate & Lyle Research is exploring new sources of natural sweetness and has uncovered the possibility of natural protein sweeteners derived from certain tropical plants.



**Sugar's other Uses.** In the long term, broadening the uses for sugar will help to stabilize the sugar market, with obvious benefits both for producers and consumers. A sugar-based detergent requiring no petro-chemicals will be test-marketed shortly. Plastics and fire retarding building materials both using sugar are distinct possibilities for the future.

**A close look at these photographs may tell you things about me that you never guessed.**

For further information about Tate & Lyle, contact Tony Kemp, Tate & Lyle Limited, 21 Mincing Lane, London EC3. Tel: 01-626 6525.



**TATE & LYLE**

*Out of sweetness came forth strength*



## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Matsushita sees recovery in colour TV sales

MR. MASAJI HINO, managing director of Matsushita Electric Industrial Company, believes that 1975 industry-wide sales of colour televisions in Japan may exceed initial expectations by about 8 per cent, and he has indicated that the company's profit decline has bottomed out.

Mr. Hino said that colour television sales in the domestic market may hit 5.5m. receivers this year. That would compare with initial industry estimates of 5.1m. sets for 1975, unchanged from 1974.

However, Mr. Hino said that he does not expect value to increase as much as volume, since popular models are now small or medium sized rather than large console types.

Japan's colour TV inventories, which totalled a record 1.24m. units last June, declined to a normal level of 648,000 units at the end of April. The domestic shipments totalled 532,000 units in April, up 6.9 per cent. from March and up 22 per cent. from a year earlier. April was the second consecutive month in which shipments recorded a gain on a year-to-year comparison basis.

The managing director of Matsushita Electric said that his company's colour TV production has returned to 75-80 per cent of its rated capacity from 60 per cent. around November last year.

Matsushita started reducing its output of colour receivers in April last year, the first Japanese television producers to do so.

Mr. Hino said that the company will emphasise the production of economical and practical products, as the current setback was caused largely by reduced spending on consumer durables by lower income groups.

Matsushita, which began selling economy oriented types of colour TV receivers ahead of others, is believed to have increased its colour TV market share during this recession.

Matsushita added less expensive 90-degree picture tube models to its line, which had centered on 110-degree tube de luxe models.

Mr. Hino cited a decline in capacity utilisation for Matsushita's recent profit deterioration. The company's pre-tax profit averaged 10 per cent. of sales prior to the oil crisis, but it is currently drifting around 6.7 per cent, he said.

Price controls by the Government, despite a sharp increase in raw material prices, also contributed to the decline in its profitability, Mr. Hino added.

OSAKA, June 10. The company will try to develop products which do not require after-purchase services. The company is now on a campaign aimed at reducing costs by 10 per cent. in every sector, he explained.

Matsushita's capital spending this year is estimated at ¥45.5bn. on a consolidated basis. Last year's spending on plant and equipment totalled ¥62.5bn.

Mr. Hino declined to specify Matsushita's business results for the six months ended May 20, partly because of a change in its official accounting period to a full year basis for the parent company. But he said that profit is expected to have shown a slight decline, compared with a year earlier. He added however, that the second quarter is expected to have recorded an improvement from the first three months.

The managing director also declined to forecast earnings for the year ending November 20.

Overseas, Matsushita plans to boost the output of colour TV receivers in Brazil to 3,000 units per month toward next year from the present 3,000 units. Matsushita's Brazilian subsidiary, Matsushita Electric Industrial do Brasil, began colour TV production late last year.

Matsushita is also considering the production of colour TV in Great Britain and already has secured land for that purpose, officials said. AP-DJ

## Juvena will meet payments

By John Wicks

ZURICH, June 10. THE SWISS cosmetics concern Juvena has stated in a special communiqué that it will meet all its commitments, including payment of interest on its 1974 convertible loan due at the end of this month.

No cut in company capital is planned, according to the communiqué.

Issued "due to rumours and various distortions in the Press," the Juvena statement reiterates that comprehensive restructuring measures were decided on at the Board's May 26 meeting, which the Board views as representing a "constructive and promising base" for the profitable future development of the company.

All members of the Board, including bank representatives, agreed to these measures, says Juvena.

The company goes on to state that Juvena has consolidated this year and expects to "should be possible to attain the more cautious targets set" for the year. There would, however, be a consolidation phase of some two to three years.

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## MINES

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## EEC steel plan may cut output by 15%

BY REGINALD DALE

BRUSSELS, June 10.

THE Brussels Commission's revised steel programme for the coming four months is expected to set production in the Community at about 15 per cent lower than during the same period of last year.

The Commission's aim is to provide "guidance" to the steel industry in its efforts to overcome the crisis caused by falling demand and prices.

The new figures, which the Commission is due to complete tomorrow, are not in any way binding. Nevertheless, Community steel producers will be expected to conform largely to the "indicative forecasts" contained in the programme, worked out in consultation with industry and Government representatives, if output is to be matched more closely to the current depressed level of demand.

Last minute changes could still be made to the figures, but the latest recommendation by Commission experts is that nine-month production in the four months June to September should be put at 42.5m tonnes, against 50.5m tonnes last year (a cutback of 15.33 per cent).

Figures for individual countries will not be published until the programme has been put to a meeting of the European Coal and Steel Community Consultative Committee in Luxembourg on Friday. It is not expected here, however, that there will be any suggestion that the British Steel Corporation should make any further cuts in production.

Politically, the Commission's task in the steel sector should be easier now that the U.K. referendum campaign is over. It should, for example, no longer have to face charges, whether

justified or not, that it is interfering unduly in member states' affairs.

Indeed, Commission officials are already showing undisguised delight, mixed with some amusement, at the alacrity with which Mr. Anthony Wedgwood Benn, the former anti-Market Secretary for industry, proposed new steps towards industrial co-operation in the Community.

The French Government has reassured its Community partners that it is still interested in creating a competitive Europe-based steel processing industry, in spite of the merger between the French CIL and the American Honeywell-Bull. The merger should, in fact, help to create such an industry, leading to further co-operation between European companies, the French say in a memorandum delivered in Brussels last week.

## Jaguar achieves more freedom in BL changes

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

DESPISE the commitment to product integration in the new British Leyland organisation, Jaguar, the most stubbornly individualistic of the constituent companies, has managed to wrest a considerable degree of independence from the large car division.

This emerged yesterday with the announcement that Jaguar will keep its own engineering department, reporting directly to Mr. Derek Whitaker, managing director of the British Leyland car division. It will also, as previously announced, have its own "operating committee"—a joint, and unique, co-ordinating body drawn from both Jaguar and the large-car section of the car division.

By allowing Jaguar discretion over its own engineering, the new BL team—and presumably Sir Don Ryder, who remains closely in touch with developments—appears to have accepted the argument that it produces a highly exceptional product which demands its own supporting organisation.

Indeed, BL said yesterday that the decision had been made "to retain and reinforce the individuality of Jaguar and Daimler products". Ironically, Mr. Geoffrey Robinson, the former managing director of Jaguar, resigned only three weeks ago because he felt the company should be run as a separate entity.

Yesterday's announcement will be seen as a partial victory for the Jaguar team, which has argued forcibly that the company could well lose its distinctive product identification if merged totally with the large car division.

However, there have been some concessions to the principle of integration, recommended in the Ryder report. The engineering team, for instance, will be expected to work in "close collaboration" with the new BL cars engineering and development team. The Jaguar operating committee will also have as members the heads of the car division's finance, marketing and personnel functions, as well as being headed by Mr. Tony Thompson, the director in charge of the large car section.

There has been a significant technical element in the reaction from last week's announcement, however, and decent lines of stock could still be placed quite easily yesterday. For the moment the market may continue to be restrained, with the trade figures and the May retail price index coming later this week—but equities are displaying little more than what now counts as their normal volatility.

## Mirror group plans £2.8m. computer printing

BY MICHAEL THOMPSON-NOEL

A £2.8m. DEVELOPMENT plan involving the introduction of what it calls the world's most sophisticated computer typesetting systems was announced yesterday by Mirror Group Newspapers. The aim, said Mr. Percy Roberts, managing director and chief executive, was to ensure that all the group's newspapers survived into the 1980s, and to provide job security for employees.

In addition to installing the new £1.6m. typesetting systems—designed to help reduce manning levels—the group plans to concentrate its London printing arrangements in its Holborn and Orbit House, London, headquarters, to close down its Stamford Street plant, and to print 120,000 copies of the Daily Mirror at a new web-offset plant in Plymouth.

Mr. Roberts explained the plans yesterday to managers and the print unions. "It would be unrealistic to think that such vital progress could be made without difficulties," said Mr. Roberts. "But with co-operation, patience and enthusiasm at every level, those difficulties can be overcome."

Manning reductions, said Mr. Roberts, would be negotiated with the unions. The group employs 8,800-9,700 of whom are production staff. Schemes involving voluntary redundancy and early retirement will be put to the unions. There will be no redundancies among journalists.

The group publishes 16 newspapers, including the Daily Mirror, Sunday Mirror, Sunday People and Sporting Life.

Eventually, said Mr. Roberts, the development plan could make a "substantial" contribution to the group's operating profits, which for 1974-75 are forecast at about £2.8m. compared with £75,000 in the year to March, 1975, and a loss of £1.8m. the previous year.

Earlier group plans to convert its entire letterpress operation to web offset, which would have cost £40m., have been abandoned.

The new photo-typesetting systems will provide full-page composition capability: "at the touch of a button," and will use the Linotron 606, a photocomposer developed by Linotype-Paul. This processes 3,000 newspaper lines per minute, equivalent to the output of 500 Linotype machines. A full Daily Mirror page, including graphics, will be produced in 90 seconds, once the information has been fed into the computer. Front page lead stories can be set in four seconds.

Mr. Roberts said the new systems will involve a heavy re-training programme. New proposals on pay, possibly involving a switch from piecework to flat-rate payments, would be discussed with the unions.

Re-training will start in October. Other plans call for the complete transfer of Daily Mirror and Sunday Mirror London production to Holborn by April and closure of the Stamford Street plant by March 1977. Full-page computer composition for all titles should be phased in by October, 1978, and printing of the West of England edition of the Daily Mirror in Plymouth, using facsimile transmission from London, will begin next April.

Mr. Roberts said last night: "Only by the successful introduction of this plan can we move into the 1980s with confidence. Mirror Group Newspapers has to become and remain viable to stay in business. We believe this is the way to do it."

## CIA report gives warning of Communist spy operations

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, June 10.

A SHARP WARNING that Communist spies are able to monitor thousands of private telephone conversations in the U.S. and Western Europe and generally pose a serious threat to the privacy of ordinary citizens, is one of the most striking revelations in the Rockefeller Commission's report on the domestic activities of the CIA, released by the White House this morning.

As expected, the report finds that the Central Intelligence Agency has been guilty of only comparatively minor breaches of the rules that bar it from domestic spying operations—and most notably with its programme for inspecting all mail sent to the Soviet Union between 1957 and 1973, and with its surveillance of radical groups on the orders of Presidents Johnson and Nixon. It concluded that the CIA had no role in the death of President Kennedy.

The report says nothing about allegations that the CIA plotted to assassinate several foreign leaders, including Presidents Diem of South Vietnam, Castro

of Cuba, Trujillo of the Dominican Republic and Lumumba of the Congo. But the information it has gathered in this area has been submitted separately to President Ford, and the same rights are passed on to the Congressional committees which are also investigating the charges of illegal activity by the agency.

Finally, the report recommends general tightening up in the regulations governing the CIA and in some of its internal procedures. It also suggests that Congress set up a joint committee to oversee its operations, rather similar to the Joint Committee on Atomic Energy, which has access to much highly classified information.

It stoutly defends the need for an effective and secret intelligence agency, opposes any fundamental rewriting of the National Security Act which created the CIA in 1947, and finds that the vast majority of the CIA's domestic activities have conformed with its governing statutes.

Worldwide, it says that the CIA admits that its prime task is to protect the right to privacy of ordinary Americans from unlawful encroachment by the CIA. Its report begins by noting that these same rights are also threatened by foreign countries and their agents—and argues that both the CIA and the FBI need public support in their efforts to curb such practices.

Worldwide, it says that the Communist nations now have well over half a million people working in their intelligence services. In the U.S., it estimates that about 40 per cent of the 2,000 Communist officials are from intelligence or security agencies, and that, in addition, the Communist countries are despatching increasing numbers of under-cover civilian agents to the U.S.

The report says that the CIA is making large scale use of human intelligence sources, the report says that the Communist countries have developed electronic devices of extraordinary sophistication "for use in the U.S. and elsewhere throughout the world."

The report goes on: "We believe that these countries can monitor and record thousands of private telephone conversations in the U.S. and Western Europe and generally pose a serious threat to the privacy of ordinary citizens."

## Joseph urges: 'Stop shielding workers'

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

SIR KEITH JOSEPH, the Tory policy research chief, yesterday called upon the Government to "stop protecting workers from the consequences of their own actions" as a priority in the fight against inflation.

At a Press conference to launch a pamphlet on "why Britain needs a social market economy," he complained that unions were now being "protected from the consequences of their own excessive wage claims."

Companies which ought to go bankrupt as a result of over-manning or granting excessive wage claims were being saved by the Government, said Sir Keith. This means the unions are being "protected from the consequences of their own excessive wage claims."

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As one in which "the mechanism of variable prices functions freely to signal consumer preferences and, through its effect on profitability, to encourage the allocation of resources to manpower, capital and raw materials—so as to satisfy those preferences. The consumer exercises choice by voting with his purse."

In a preface to the pamphlet, Sir Keith says he has been struck by the fact that the new generation knows little about the market economy and its potential.

But he finds that "bitter experience of our own transition from a controlled economy to a free market economy, and the growth of social conflict pari passu with interventionism—in my own experience at least—have generated in many a readiness to consider the virtues of the market."

The pamphlet itself dwells on "the intimate link between personal liberty and the diffusion of economic power, and complains that 'having set out to provide a safety net for the unemployed who could cope for themselves, the State has proceeded to put a cage round everybody'."

Yesterday Sir Keith put the principles embodied in the Centre for Policy Studies' new pamphlet in the context of the Conservative Party's reconsideration of strategies and social policies. But he talked rather of "a shift of emphasis," and "inching back" from collectivism than of a Selous Manoeuvre upheaval. Many social democratic members of the Government Front Bench would go along with most of it," he claimed.

It defines the market economy as one in which "the mechanism of variable prices functions freely to signal consumer preferences and, through its effect on profitability, to encourage the allocation of resources to manpower, capital and raw materials—so as to satisfy those preferences. The consumer exercises choice by voting with his purse."

## Surprise meeting between Rabin and Wilson

BY MALCOLM RUTHERFORD

MR. YITZHAK RABIN, the Israeli Prime Minister, had a surprise two-hour meeting with Mr. Harold Wilson at London airport, yesterday, on his way to Washington for talks with President Ford.

At one stage, Mr. Rabin was at the airport at the same time as Mr. Fahmi, the Egyptian Foreign Minister, who arrived for a four-day visit to Britain. Mr. James Callaghan, the Foreign Secretary, had talks with both men, but there was no attempt to arrange a joint meeting or to pass messages between them.

The British view is that the Egyptian position on the next steps towards a Middle East settlement is now well enough known and that everything hangs on the Israeli response. This

should emerge from Mr. Rabin's Washington talks which follow last week's meeting between President Ford and Egypt's President Sadat in Salzburg.

President Ford has promised a major statement on U.S. Middle East policy before the end of this month.

Mr. Fahmi will sign two agreements while in London. One will establish an Anglo-Egyptian joint commission on questions of trade and economic co-operation, such as Britain already has with other countries. The other will be an investment protection agreement.

The proposed Anglo-Egyptian arms deal will figure prominently in the talks, even though many of the technical details have already been sewn up. It will amount to a large number of separate agreements to be signed over the next few months.

## Herstatt pays Hill Samuel \$16m.

BY MICHAEL BLANDIN

HILL SAMUEL yesterday confirmed that it had recovered \$16.2m. of its \$19.5m. losses on last year's collapse of the Herstatt bank in West Germany.

Announcing its results for the past year, the bank disclosed that the recovery had been made under a settlement between the creditors of Herstatt who had lodged claims in the U.S. and the German Liquidator.

The settlement is expected to result in the release of a total of some \$17m. of Herstatt funds held in New York, mainly with Chase Manhattan

Bank which was Herstatt's U.S. banker.

Hill Samuel pointed out that its recovery, representing some 83 per cent of the loss on uncompleted spot foreign exchange transactions when Herstatt was closed down last June, compared with the 55 per cent which Herstatt's foreign bank creditors were to have received under the arrangement made last December.

The group's loss, ignoring loss of interest and legal costs, has been reduced to about \$300,000 after tax relief.

Company News, Page 19

## THE LEX COLUMN

# Steady course by Hill Samuel

What a pleasant diversion the referendum was. This week the market has had to get back to grips with the old menacing factors like inflation and a weakening sterling exchange rate, plus one or two newer ones like the threat of a major new oil price rise, while the Government will take any economic initiatives. The 30. Share Index has lost 36 points since the peak reached on Friday morning.

There has been a significant technical element in the reaction from last week's announcement, however, and decent lines of stock could still be placed quite easily yesterday. For the moment the market may continue to be restrained, with the trade figures and the May retail price index coming later this week—but equities are displaying little more than what now counts as their normal volatility.

## Index fell 12.5 to 339.8

decline in footings), corporate finance down a little, and overseas banking generally poor. Meanwhile the insurance and shipping side earned 8 per cent more at £3.1m. with the emphasis on shipbroking—though this activity is likely to show some decline this year.

For the current year as a whole Hill Samuel is not committing itself to anything more than unchanged profits. But that looks cautious, and the recovery of most of the Herstatt money will certainly encourage it to be a little less restrictive in volume terms.

See also Page 19

## Chloride

Chloride has not, after all, escaped the recession: after a pre-tax rise of over 50 per cent in the first six months, profits dropped fractionally in the second half to leave the full-

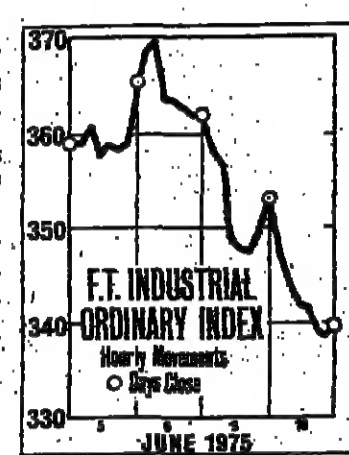
not alter the longer-term outlook for the group: the return on capital employed has averaged 20 to 25 per cent over the last four years and over half its profits come from abroad.

The high level of capital spending—£10.5m. last year against cash flow of £9m.—continuing in 1975-76, and the inflationary pressure on working capital should be at least partly offset by the lower cost price, no more than a marginal increase in borrowings is expected this year. Currently, debt is £37m., up from £27.6m. a year ago, which is about 65 per cent of shareholders' funds, compared with the upper limit of 75 to 80 per cent, under the group's stated gearing policy. Nonetheless, despite these strengths, Chloride's period of relative share price strength—a rise of one and three quarters times since the December right issue—may now be over for the moment until the trading situation is clarified.

See also Page 19

## Johnson Matthey

The market has had many four months to get used to the idea of a poor final quarter for Johnson Matthey. Even so, its profits decline of 17 per cent pre-tax for the period still left the shares 13p lower at the last night despite a rise to £15.2m. to £17.1m. for the year as a whole.



Overall, banking has had a bumper year with a big rise in bullion turnover lifting profits here by over 50 per cent, that they now account for a fifth of the total. Refining and chemicals are only just behind that performance with gains of 45 per cent to nearly 50m. The colour operations have seen interests—over half of total profits in 1974-75—also seen back slightly on the year. J.M. has a big slice of these operations outside the U.K. and is judged by an unchanged share price, for overseas tax this is very much of its problems lie. At this stage, the group is providing clues to any future progress. Borrowings are sharply up on a year earlier, but depreciation and retention in 1975-76 though 1973-74, comfortably topped has steered clear of property growth (if any) is likely to be capital expenditure and cash and tanker losses to emerge small, and the greater uncertainty is reflected in a two-day yield of 5 per cent. Within that, U.K. commercial share price fall of 12p to 105p, more than four times banking was good (despite some But any short-term doubts do

## Weather

U.K. TO-DAY

DRY with long sunny periods in most areas, but there may be a few showers in South-East England. Warm inland but cooler on coasts.

London, S.E. England and Southern England  
Sunny periods, perhaps a few showers. Wind easterly light or moderate. Max. 23C (73F).

E. Anglia, N.E. England, Borders, Edinburgh, Aberdeen Area and Moray Firth  
Dry, sunny periods but mist near coasts, especially at first. Wind easterly, light. Max. 19C (66F).

Midlands, Channel Isles, S.W. England, Wales and Northern England  
Dry, sunny periods. Wind easterly, light or moderate. Max. 22C (72F).

N.W. England, Isle of Man, S.W. Scotland, Central Highlands and Northern Ireland  
Dry, sunny periods. Wind variable, light. Max. 23C (73F).

North Scotland, Orkney, Shetland  
Cloudy with bright sunny intervals. Wind light southerly. Max. 15C (59F).

Outlook: Fine and warm in many places but some rain in North Scotland.  
Lighting-up: London 21.46, Manchester 22.06, Glasgow 22.30, Belfast 22.08.

## BUSINESS CENTRES

| City          | Y'day | Mid-day | Y'day | Mid-day |
|---------------|-------|---------|-------|---------|
| Alexandria    | 23    | 23      | 23    | 23      |
| Athens        | 23    | 23      | 23    | 23      |
| Batavia       | 23    | 23      | 23    | 23      |
| Bombay        | 23    | 23      | 23    | 23      |
| Buenos Aires  | 23    | 23      | 23    | 23      |
| Calcutta      | 23    | 23      | 23    | 23      |
| Canton        | 23    | 23      | 23    | 23      |
| Cebu          | 23    | 23      | 23    | 23      |
| Hankow        | 23    | 23      | 23    | 23      |
| Harbin        | 23    | 23      | 23    | 23      |
| Hong Kong     | 23    | 23      | 23    | 23      |
| Kobe          | 23    | 23      | 23    | 23      |
| London        | 23    | 23      | 23    | 23      |
| Lyons         | 23    | 23      | 23    | 23      |
| Manila        | 23    | 23      | 23    | 23      |
| Medan         | 23    | 23      | 23    | 23      |
| Osaka         | 23    | 23      | 23    | 23      |
| Paris         | 23    | 23      | 23    | 23      |
| Perth         | 23    | 23      | 23    | 23      |
| Rangoon       | 23    | 23      | 23    | 23      |
| San Francisco | 23    | 23      | 23    | 23      |
| Singapore     | 23    | 23      | 23    | 23      |
| Sourabaya     | 23    | 23      | 23    | 23      |
| Taipei        | 23    | 23      | 23    | 23      |
| Tokyo         | 23    | 23      | 23    | 23      |
| Yokohama      | 23    | 23      | 23    | 23      |

Figures supplied by the Asthma Research Council.

## HOLIDAY RESORTS

| City          | Y'day | Mid-day | Y'day | Mid-day |
|---------------|-------|---------|-------|---------|
| Algeria       | 23    | 23      | 23    | 23      |
| Amman         | 23    | 23      | 23    | 23      |
| Baghdad       | 23    | 23      | 23    | 23      |
| Bangkok       | 23    | 23      | 23    | 23      |
| Bombay        | 23    | 23      | 23    | 23      |
| Buenos Aires  | 23    | 23      | 23    | 23      |
| Calcutta      | 23    | 23      | 23    | 23      |
| Canton        | 23    | 23      | 23    | 23      |
| Cebu          | 23    | 23      | 23    | 23      |
| Hankow        | 23    | 23      | 23    | 23      |
| Harbin        | 23    | 23      | 23    | 23      |
| Hong Kong     | 23    | 23      | 23    | 23      |
| Kobe          | 23    | 23      | 23    | 23      |
| London        | 23    | 23      | 23    | 23      |
| Lyons         | 23    | 23      | 23    | 23      |
| Manila        | 23    | 23      | 23    | 23      |
| Medan         | 23    | 23      | 23    | 23      |
| Osaka         | 23    | 23      | 23    | 23      |
| Paris         | 23    | 23      | 23    | 23      |
| Perth         | 23    | 23      | 23    | 23      |
| Rangoon       | 23    | 23      | 23    | 23      |
| San Francisco | 23    | 23      | 23    | 23      |
| Singapore     | 23    | 23      | 23    | 23      |
| Sourabaya     | 23    | 23      | 23    | 23      |
| Taipei        | 23    | 23      | 23    | 23      |
| Tokyo         | 23    | 23      | 23    | 23      |
| Yokohama      | 23    | 23      | 23    | 23      |

Continued from Page 1

## Finance Ministers

seller found itself in serious difficulties.

The wording of the new Fund article on exchange rates turned out to be equally intractable, given France's attachment to fixed parities and the U.S. refusal to see a fixed exchange rate system enshrined in IMF rules.

It seems probable that the eventual compromise will lay down a fixed but adjustable parity as a desirable objective, but without any of the mandatory provisions wanted by France which would allow the IMF to tell members with floating regimes when they should abandon them.

The French have already intimated that they would be able to accept a compromise on these lines if the Americans showed themselves more conciliatory on official gold transactions.

Redistribution of national quotas should not be too difficult to agree on once the other issues are settled.

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